the Vietnam conflict; to the Committee on Armed Services.

By Mr. ROCKEFELLER (for himself, Mr. BURNS, and Mr. DORGAN):

S. 1429. A bill to enhance rail competition and to ensure reasonable rail rates in any case in which there is an absence of effective competition; to the Committee on Commerce, Science, and Transportation.

By Mr. HELMS:

S. 1430. A bill to suspend from January 1, 1998, until December 31, 2002, the duty on SE2SI Spray Granulated (HOE S 4291); to the Committee on Finance.

S. 1431. A bill to suspend temporarily the duty on a certain chemical; to the Committee on Finance.

S. 1432. A bill to suspend temporarily the duty on a certain chemical; to the Committee on Finance.

S. 1433. A bill to suspend temporarily on a certain chemical; to the Committee on Finance.

S. 1434. A bill to suspend until January 1, 2001, the duty on a certain chemical; to the Committee on Finance.

S. 1435. A bill to suspend temporarily the duty on a certain chemical; to the Committee on Finance.

S. 1436. A bill to suspend until January 1, 2001, the duty on a chemical; to the Committee on Finance.

S. 1437. A bill to suspend until January 1, 2001, the duty on a chemical; to the Committee on Finance.

S. 1438. A bill to suspend until January 1, 2001, the duty on a chemical; to the Committee on Finance.

S. 1439. A bill to suspend until January 1, 2001, the duty on a chemical; to the Committee on Finance.

S. 1440. A bill to suspend until January 1, 2001, the duty on a chemical; to the Committee on Finance.

S. 1441. A bill to suspend until January 1, 2001, the duty on a chemical; to the Committee on Finance.

S. 1442. A bill to suspend until January 1, 2001, the duty on a chemical; to the Committee on Finance.

S. 1443. A bill to suspend until January 1, 2001, the duty on a chemical; to the Committee on Finance.

S. 1444. A bill to suspend until January 1, 2001, the duty on a chemical; to the Committee on Finance.

S. 1445. A bill to suspend until January 1, 2001, the duty on a chemical; to the Committee on Finance.

S. 1446. A bill to suspend until January 1, 2001, the duty on a chemical; to the Committee on Finance.

S. 1447. A bill to suspend until January 1, 2001, the duty on a chemical; to the Committee on Finance.

S. 1448. A bill to suspend until January 1, 2001, the duty on a chemical; to the Committee on Finance.

S. 1449. A bill to suspend until January 1, 2001, the duty on a chemical; to the Committee on Finance.

S. 1450. A bill to suspend until January 1, 2001, the duty on a chemical; to the Committee on Finance.

S. 1451. A bill to suspend until January 1, 2001, the duty on a chemical; to the Committee on Finance.

S. 1452. A bill to suspend until January 1, 2001, the duty on a chemical; to the Committee on Finance.

By Mr. DODD:

S. 1453. A bill to establish a Commission on Fairness in the Workplace, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. BOND (for himself, Mr. CHAFEE, Mr. WARNER, Mr. BAUCUS, and Mr. D'AMATO):

S. 1454. A bill to provide a 6-month extension of highway, highway safety, and transit programs pending enactment of a law reauthorizing the Intermodal Surface Transportation Efficiency Act of 1991; considered and passed.

By Mr. CHAFEE (for himself and Mr. REED):

S. 1455. A bill to provide financial assistance for the relocation and expansion of Haffenreffer Museum of Anthropology, Providence, Rhode Island; considered and passed.

By Mr. BAUCUS (for himself and Mr. BURNS):

S. 1456. A bill to authorize an interpretive center at Fort Peck Dam, Montana; considered and passed.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. SPECTER (for himself and Mr. BYRD):

S. Res. 146. A resolution establishing an advisory role for the Senate in the selection of Supreme Court Justices; to the Committee on the Judiciary.

By Mr. LOTT (for himself and Mr. DASCHLE):

S. Res. 147. A resolution to authorize testimony, production of documents, and representation in First American Corp., et al. v. Sheikh Zayed Bin Sultan Al-Nahyan, et al; considerated and agreed to.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HELMS (for himself, Mr. GLENN, Mr. DEWINE, and Mr. FAIRCLOTH):

S. 1397. A bill to establish a commission to assist in commemoration of the centennial of powered flight and the achievements of the Wright brothers; to the Committee on Governmental Affairs.

THE CENTENNIAL OF FLIGHT COMMEMORATIVE ACT

Mr. HELMS. Madam President, I have a bill, S. 1397, at the desk. Now, Senators DEWINE, FAIRCLOTH, GLENN, and I are introducing this legislation, and we are naming it the Centennial of Flight Commemorative Act. As I indicated, the bill number is S. 1397.

This significant legislation will establish a commission to assist the numerous events that will lead up to and include the celebration of the 100th anniversary of powered flight, a feat in all the history books, accomplished in my State of North Carolina by the geniuses, two brothers, Orville and Wilbur Wright, Ohio brothers who were born and raised in Dayton where they operated a bicycle shop.

I don't know whether you have been to Kitty Hawk, particularly in the middle of December, but it is not a comfortable place to be. Wilbur and Orville came to the Outer Banks of North Carolina to conduct their experiments. The first powered flight occurred at Kitty Hawk, NC, on December 17, 1903. In fact, the Wright brothers engaged in four flights that day, and with their effort they changed the concept of travel forever.

About noon on that cold and windy December day, at Kitty Hawk, NC, the aviation age, the air age, began.

So, Madam President, the Wright brothers were indisputably the first pioneers of powered flight, and they became national heroes, justifiably etched in history.

As for our bill, S. 1397, the able Senator from Ohio, Mr. DEWINE, and the able Senator from Ohio, Mr. GLENN, did excellent work in drafting this legislation.

Senator GLENN, I am obliged to mention, and I am glad to do so, is a man of history himself in terms of powered flight. He was the first American, as all of us know, to orbit the Earth. When he walks up and down the corridors, I see mamas and daddies pointing to him saying, ''That's Senator GLENN.'' Senator GLENN and six other pioneers, the Mercury astronauts, got America's space program off the ground.

Madam President, S. 1397—let me say the title again so it will register—the Centennial of Flight Commemorative Act—proposes the establishment of a commission of 21 individuals to plan for and assist in events leading up to and including the commemoration of the 100th anniversary of the Wright brothers' flights at Kitty Hawk. The commission will be composed of the Secretary of the Interior, the Director of the National Air and Space Museum, the Secretary of Defense, the Secretary of Transportation, the NASA Administrator, and each of these officials can name a designee. Then there will be two representatives each from the States of North Carolina and Ohio and 12 other private citizens.

Of these 12 private citizens, the President of the United States will appoint two from a list recommended by the Senate majority leader in consultation with the Senate minority leader, and two from a list recommended by the Speaker of the House in consultation with the House minority leader. The remaining eight will be chosen based on qualifications and/or experience in the fields of history, aerospace, science, industry, or other professions that will enhance the work of the commission.

The commission will represent the United States and take a leadership role with other nations in recognizing the achievement of the Wright brothers and the importance of aviation history.

The commission's activities will be closely coordinated with the First Flight Centennial Commission and the First Flight Centennial Foundation of North Carolina and the 2003 Committee of the State of Ohio. The commission is allowed to retain an executive director and staff that may be required in order to carry out its functions.

S. 1397 authorizes appropriations of $250,000 for each of the fiscal years 1998 to 2004 to fund the work of the commission.

Additionally, the commission may accept monetary contributions and other in kind contributions, volunteer

services and the like. In order to further defray the expenses of the commission, the legislation gives it exclusive right to names, logos, emblems, seals, and marks, which may be licensed on which proceeds from royalties will be used to offset the operating costs of the commission.

S. 1397 requires that annual audits of the commission be conducted by the Inspector General of the General Services Administration to ensure its financial integrity.

The commission shall be terminated no later than 60 days after the submission of the final audit report.

Senators may ask why establish a Federal commission to commemorate this event? The Wright brothers' triumph at Kitty Hawk on that bone-chilling day of December 17, 1903 has to rank as one of mankind's greatest achievement. The world has not been the same since.

As the development of the airplane progressed so did its uses in warfare and civilian aviation. Its development spawned generations of aviation trailblazers. Names like Eddie Rickenbacker, Billy Mitchell, Charles Lindbergh, Jimmy Doolittle, Chuck Yeager, and the Mercury, Gemini, Apollo, and space shuttle astronauts became household words.

What is even more astonishing is that 66 years later, Neil Armstrong of Ohio became the first man to set foot on the moon. That would not have been possible without the Wright brothers.

Because of the Wright brothers you can get on a jet aircraft at Dulles Airport and be in London in six or seven hours, far less if you are flying the Concorde. You can fly from New York to Tokyo in 14 hours. On the Concorde, you can travel from New York to London in 3 hours and 50 minutes.

We are seeing daily developments in aviation, faster planes, new space technologies, all because of the genius of Wilbur and Orville Wright.

I hope the Senate will swiftly approve this legislation.

Mr. DEWINE. Madam President, I thank the Chair, and I thank my distinguished colleague from North Carolina.

I am delighted to join him, as well as Senator FAIRCLOTH and Senator GLENN, in introducing a bill to create the Centennial of Flight Commission.

In the year 2003, the United States and, indeed, the world will celebrate a truly breathtaking anniversary. That date will mark exactly 100 years of the adventure of human flight. For those of us who are from the State of Ohio, it is an especially important anniversary as Senator HELMS has so ably described—first and foremost because the Wright brothers, the very first pioneers of powered flight, were from Dayton, OH. It was in Dayton, OH, that they grew up. It was in Dayton, OH, that they had a print shop. It was in Dayton, OH, that they had the bicycle shop that was referred to a moment ago by Senator HELMS.

It was at Huffman Prairie, in Montgomery County, actually what is now enclosed in Wright Patterson Air Force Base, technically in Greene County, that the Wright brothers learned to fly. So, those of us from Ohio are very proud of the Wright brothers, as this whole country is.

We are also proud in Ohio that ever since the time of the Wright brothers, Ohio has continued to build a proud aviation history. From the Wright brothers to World War I flying ace David Ingalls, to JOHN GLENN who just walked on to the floor of the Senate, the first man, the first American to orbit the Earth, to Neil Armstrong, the first man to walk on the Moon, to the incredible research being done right now at NASA Lewis Research Center in Cleveland, OH, has continually been a part of the great epic of aviation.

This is, indeed, cause for celebration, and that is what this bill is all about. It would create a commission to coordinate the centennial of flight celebration in the year 2003. The commission will be composed of 21 members: the Secretaries of the Interior, Transportation, and Defense; the Director of the National Air and Space Museum; the Administrator of NASA; two people from North Carolina; the president and chairman of the First Flight Centennial Commission; and two people from the State of Ohio, the Governor and the chairman of the 2003 Committee, and 12 additional Presidential appointees.

Madam President, this commission will help the United States take a leadership role in planning international celebrations of the centennial of flight, promoting participation and sponsorship by the aerospace industry, the commercial aviation industry, educational institutions, and State and local governments.

The commission is going to distribute a calendar, a register of national and international programs and projects concerning the flight centennial.

What I hope most of all is that these celebrations will recognize that the history of flight is not just the story about machines or about the triumph of technology. It is rather a story about people. It is a story of how human creativity overcame one of the most fundamental barriers that humans ever faced.

For hundreds of thousands of years, human beings could not fly, but in this century, thanks to the freedom and spirit of creativity in this country, the human race broke the bonds of Earth. So, from Dayton to Kitty Hawk and beyond the limits of our solar system, this is a story to truly celebrate.

Madam President, I see my distinguished senior Senator from the State of Ohio, the honorable JOHN GLENN, is on the floor. I yield to Senator GLENN.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. GLENN. Thank you, Madam President. I thank my distinguished colleague.

I rise as a cosponsor of this legislation to establish a national Commission on the Centennial of Flight. We have been very proud through the years to have worked with the people of Dayton, OH, in an effort to recognize the very exceptional contribution of the two brothers who ran the bicycle shop and dreamed of flight. They watched the birds and dreamed of flight, not knowing whether it would ever be possible.

In 1992, it was my privilege to sponsor the legislation that established the Dayton Aviation Heritage National Historical Park which commemorates the extraordinary lives of Wilbur Wright, Orville Wright, and Paul Lawrence Dunbar, a black man, a poet, one of the finest poets, who was a close friend of the Wright brothers.

That park and the memorial in North Carolina recall that on December 17, 1903, Orville Wright flew 120 feet in 12 seconds. Can we imagine that, 120 feet in 12 seconds? But it was under power. It was the airplane that is over in the Smithsonian now. It was under powered flight with an engine and propeller. It was the first sustained flight in a power-driven, heavier-than-air machine.

There were three other flights that day. We don't often hear about those. There were three other flights that day, and Wilbur Wright set a new world record flying on one of those flights 352 feet in 59 seconds. It was more than the length of a football field.

Very little attention was paid at that time. People were very doubtful. Octave Chanute reported the achievement in Popular Science Monthly in March 1904. But the first—I think this is very interesting—the first eyewitness report about those flights appeared in a publication called Gleanings in Bee Culture, and that was in January 1905. That was the first real eyewitness report of Orville and Wilbur Wright's flights.

The work had begun in 1899 with a serious study of everything the Wrights could find on aeronautics. In 1900, to test their glider, they selected Kitty Hawk on the word of the weather bureau because of the steadiness of the winds and direction of the winds at that time. The test glider in 1900 and 1901 failed to achieve the lifting power that they thought they needed and anticipated.

They went back to Dayton and built a 6-foot wind tunnel to conduct experiments with over 200 different wing models. They developed the first reliable tables on the effects of air pressure on curved surfaces, the principles that we use today and that you see on every airplane, whether it is a general aviation small light airplane or a giant 747 or whether it is the Concorde flying at supersonic speed across the Atlantic Ocean.

They developed these 200 different wing models and experimented with them. They developed the first reliable tables on the effects of air pressure on curved surfaces.

In 1902, they conducted over almost 1,000 tests with a more promising glider. In 1903, the Wright brothers had completed the construction of a larger plane powered by their own lightweight gas-powered engine.

Arriving in Kitty Hawk in September, storms and mechanical difficulties delayed trials until December. On the 17th, four men and a boy witnessed the very first flight, and a memorable photograph, fortunately, was captured. Four men and a boy witnessed that first flight.

Back home in Dayton in 1904 and 1905, the Wright brothers continued testing their invention at Huffman Prairie, which is the area adjacent to what is today Wright Patterson Air Force Base where they first achieved maneuverable flight.

In 1908, Wilbur and Orville signed a contract with the War Department for the first military airplane. In September, Orville circled the parade ground at an altitude of 120 feet just across the Potomac River from us today, over at Fort Meyer in Virginia.

When most people these days think of the Wright brothers, we tend to think of them as having lived a long, long time ago. We tend to think of the Wright brothers as being part of ancient history. We also think of their airplane, the Wright Flyer III, as being an incredibly primitive machine, at least by today's standards. And it was a primitive machine. There were no fancy guidance systems or high-tech controls.

By swiveling their hips from one side to the other, Orville and Wilbur could steer the airplane. To this day, when young people come in, when school groups come to Washington and visit my office and they say they are going over to the Air and Space Museum, I always tell them to get up on the gallery level and look down on the Wright brothers' airplane and see how they controlled flight, because the person flying lay on the lower wing and had a wooden yoke around his hips. That wooden yoke slid back and forth and there was a wire that went to the trailing edge of the upper wing, and they would slide in the direction they wanted to go, slide their hips over, pull that wire and literally warp the trailing edge of the wing down and made more lift on the wing on that side and the airplane would turn in the direction their hips were slid toward.

I am glad they developed later on in aviation a better means of control. We can imagine a 747 pilot today making an approach swiveling his hips back and forth. But that was the way the Wright brothers controlled those very early flights.

The first flight at Kitty Hawk and Huffman Prairie seemed so far removed from what we did later on, from my own experience in orbital flight in 1962, or from the first lunar landing, or from living aboard the orbiting space station for weeks on end, as Shannon Lucid did. She was up there for 188 days. She will be honored at the Smithsonian this evening, as a matter of fact. Yet, all this occurred within a lifetime.

I know we kid Senator THURMOND around here quite a lot about his age, but Senator THURMOND was born December 5, 1902. The Wright brothers did not fly until a year later, on December 7, 1903. So we have in this body right now a man whose lifetime spans all of manned flight, powered flight, from that first day at Kitty Hawk into space. STROM THURMOND has witnessed the complete history of flight. And we marvel at just how far we have come in an incredibly short period of time. We have literally gone from the Wright brothers to the Moon and beyond in a single lifetime.

That is amazing. In that sense, I think it is fair to say that Orville and Wilbur Wright were our first astronauts, really, because they were the first who really did rise off the Earth's surface in a sustained way and make flight that then advanced to higher and higher altitudes until we are above the Earth's atmosphere now with different kinds of machines; though I think in some ways we could say that they were the first two who, as the poem goes, ''slipped the surly bonds of Earth''—slipped the surly bonds of Earth and ventured into the air under the power of a motor.

Everything since then has just been going higher and going faster. I also think it is fair to say the Wright brothers personified something that is behind every single leap or advancement in science or human knowledge since the beginning of time. The one characteristic they had—we could lump it all together and say that is something that is in the heart of all human progress—is curiosity and an innate curiosity about how we can do things differently or whether we can explore and find new shores or whether we can do experiments and do research in new areas.

Whether you look at the voyage of Christopher Columbus, who brought Europeans to the shore of North America, whether you look at the experiments of Alexander Fleming—you know what Alexander Fleming was curious about? It was plain old green mold on bread. He did not know why the patterns formed around the mold the way they did. The green mold, it was a particular pattern. He was curious about that.

You know what that led to? His curiosity led to the discovery of penicillin and the development of modern antibiotics. That curiosity about green mold on bread has led to increased life expectancy of people all around this Earth. We have gone up in life expectancy more in the last 100 years than in the previous 2,000 years, I read in a magazine just a short time ago. So the discovery of penicillin and Alexander Fleming's curiosity about green bread mold that led to that, has really revolutionized this Earth.

Or we go ahead with the unexpected circumstance in a small electronic switching device that led to the development of the first transistor and ultimately to today's incredibly sophisticated computer systems.

It is clear to me that curiosity isn't what killed the cat. It is also the goose that laid the golden egg for all of humankind. That is going to be true in the future as well as the past. In field after field, in discipline after discipline, in industry after industry, it is curiosity, that insatiable, relentlessly questioning spirit that keeps asking ''why'' that has moved our species ahead.

The irony, of course, is any time someone or a group such as the Wright brothers, or a group of people undertake an exploration or undertake to demonstrate a new idea, whether in a laboratory, a spaceship, a bicycle shop or on a production line, there are many who question the wisdom of it all. Those naysayers who wanted to know when their bike would be fixed with the Wright brothers believed that if we were to fly God would have given us feathers, they said.

So there was a joke about the Wright brothers at that time. ''If God wanted us to fly, why don't we have feathers?'' Well, they fortunately laughed along with everybody else, but at the same time went ahead with their work. They were not deterred. But if there is one thing we know for sure about research or any kind of exploration of the unknown, it is that it is impossible to know what we will see at the end or what it may lead to.

I believe that today, as perhaps never before, we cannot afford to lose that kind of curiosity and questing spirit that the Wright brothers had. With it, we can continue to learn new things, first, for this Nation, putting them to practical application, staying ahead of global competition. That has been the story of this country's advancement. Without it, we will quickly become yesterday's leader, yesterday's leader, not tomorrow's leader but yesterday's leader, hopelessly trying to hold back the hands of the clock and to hold on to a past glory that can never be just retained or recaptured.

So the spirit of the Wright brothers is needed as much today as before their very first flight. That is why today I am pleased to join with my colleagues—my colleague from Ohio, my colleagues from North Carolina—in introducing this legislation to establish a national commission to assist in the commemoration of the centennial of powered flight that will occur in 2003 and the achievements of the Wright brothers. Those who worked to build our national parks and memorials to the Wright brothers in Ohio and North Carolina where flight was born and first achieved will now work together to recall and remember the spirit of flight to be commemorated as we approach the centennial of flight in 2003.

The spirit represented by the Wright brothers was captured in their own day by their good friend, Paul Lawrence

Dunbar, who captured in the prophetic verse which he penned the triumphs that are remembered at the Dayton Aviation Heritage National Historical Park. One of his notations was:

What dreams we have
and how they fly
like rosy clouds
across the sky;
of wealth, of fame
of sure success . . .

That is certainly what curiosity has brought us and what the Wright brothers brought us.

Think of all that has occurred since that first flight at Kitty Hawk in 1903. Think of aviation today and all it entails and the giant industry. It has revised all the world's transportation, has revised our military, our security. All of that stemmed from that first flight in 1903.

So we are happy to put in this legislation today. We hope that it is supported by all here, not just those from Ohio and North Carolina, because what started there in 1903 is something that affects everyone. It affects every State and every nation around the globe, even these days. And we look forward to this commission doing a great job in assisting in the commemoration of the centennial of powered flight and the achievements of the Wright brothers.

Mr. FAIRCLOTH. Mr. President, today I am pleased to be an original cosponsor of legislation being introduced by Senator HELMS—the two Senators from Ohio—that would establish a National Commission to oversee the 100th anniversary of the first flight.

Mr. President, on a cold, windy December morning in 1903, in the Outer Banks of North Carolina, the Wright brothers changed the history of the world. Orville Wright flew for just 12 seconds—but it was the first manned flight.

Today, many people take for granted what was accomplished by the Wright brothers that day, but at the time it was a historic achievement. Man had been thinking of flight for thousand of years—and yet the Wright brothers, here in the United States, were the first to do it.

The development of flight grew rapidly. A little over a decade later, airplanes were used in the battles of World War I. Two decades after the 12-second first flight—Charles Lindbergh flew over the Atlantic.

And of course, in 1962, in just a half century after the first 12-second flight, our distinguished colleague JOHN GLENN was the first man to fly around the world in space. Seven years after that, we landed a man on the Moon.

It is hard to believe that all of this has taken place in the span of less than 100 years.

This is why the centennial anniversary of first flight is so significant to us, the sponsors of this legislation.

The Commission will coordinate the plans for the celebration. The Wright brothers were from Ohio, of course, where they ran a bicycle shop. The State of North Carolina's license plates bear the slogan ''First in Flight''—so we are especially proud of this achievement in my State. To these two States, the celebration is important.

But much more than that, I think the anniversary should be used to inspire students to learn more about the history of flight. Hopefully, it will remind people that this is a great nation inventors—and that American ingenuity has made us the greatest country in the history of the world. Finally, it should remind our citizens that America is a land of opportunity and freedom—where anyone's imagination can change the world. This is an entrepreneurial spirit that we must keep alive.

I want to thank Senator HELMS and Senators GLENN and DEWINE for joining together today to introduce this legislation. I hope that the Senate will take it up soon.

By Mr. THOMAS (for himself, Mr. KERREY, Mr. ENZI, and Mr. HAGEL):

S. 1398. A bill to extend certain contracts between the Bureau of Reclamation and irrigation water contractors in Wyoming and Nebraska that receive water from Glendo Reservoir; to the Committee on Energy and Natural Resources.

THE IRRIGATION PROJECT CONTRACT EXTENSION ACT OF 1997

Mr. THOMAS. Mr. President, I rise today to introduce the Irrigation Project Contract Extension Act of 1997. I am pleased to be joined in this endeavor by Senators ENZI, KERREY, and HAGEL.

This legislation would extend, for a period of 3 years, certain water contracts between the Bureau of Reclamation and irrigators in Wyoming and Nebraska that receive water from Glendo Reservoir. All contracts are subject to renewal on December 31, 1998. Extending these contracts is considered a major Federal action and, therefore, subject to review of the National Environmental Policy Act [NEPA] and the Endangered Species Act [ESA]. Without a short-term continuation agreement, the irrigators would be responsible for the costs of the analysis and other environmental documentation.

Currently, the States of Wyoming, Nebraska, and Colorado—and the Department of the Interior—are in the process of implementing a comprehensive ''Cooperative Agreement for Platte River Research and Other Efforts relating to Endangered Species Habitats along the Central Platte River, Nebraska.'' The term of this initiative is for 3 years, with an allowable 6-month extension. Upon completion of the cooperative agreement, efforts to enact the Platte River Recovery Implementation Program can begin. This basin wide, three-State plan will help to recover the endangered whooping crane, piping plover, and least stern, and improve critical habitats in the Central Platte River Basin.

I believe it is important for Congress to act on this measure and extend these contracts for 3 years, or until the cooperative agreement is completed. In that time, the needed NEPA and ESA reviews will be fulfilled—clearing the way for the program to be initiated. It is important to remember that the program cannot be implemented until the environmental studies are completed and the parties have agreed to the results.

Mr. President, this bill does not avoid environmental evaluation. It merely provides some relief to the water users, while allowing the NEPA and ESA documentation to take place through the cooperative agreement process. It is my understanding that once this agreement has expired, and if the Department of the Interior and the three States decide not to pursue the program, the contract renewal process would proceed as a separate Federal action at that time.

This is good and fair legislation. It will benefit the environment and the water users. I look forward to working with my colleagues in the Senate and House to secure its passage.

By Mr. BOND:

S. 1399. A bill to authorize the Secretary of the Army to carry out a project to protect and enhance fish and wildlife habitat of the Missouri River and the middle Mississippi River; to the Committee on Environment and Public Works.

THE FISH AND WILDLIFE HABITAT ACT OF 1997

Mr. BOND. Mr. President, I am pleased to introduce legislation to enhance, preserve and protect habitat for fish and wildlife on the Missouri and Mississippi Rivers. This new 5-year $50 million authorization is a win-win approach that will implement and expand the use of new and innovative measures developed by the Corps of Engineers to improve habitat conservation without impacting adversely private property and other water-related needs of the rivers including navigation, flood control and water supply.

As I have always maintained, fish and wildlife conservation and commercial activity are not mutually exclusive. Indeed, we cannot afford to abandon either river commerce or the species that live in and on the river. This new approach is a win for man, for nature and for the river.

This legislation is supported by Missouri Farm Bureau, MARC2000, American Rivers, the Missouri Soybean Association, the Missouri Corngrowers Association, and Farmland Industries. While these groups have not always agreed on river policy, that should not preclude us from seeking common ground and working together to address the questions of resource management and I am delighted that we can all come together in support of this commonsense approach.

Without specific authorization and only scarce dollars, the St. Louis Corps of Engineers has been developing and

testing ways in which navigation structures used to guide the river and maintain the channel may be modified to meet environmental as well as navigation goals. These innovations have proven successful earning wide acclaim including a Presidential Design Award and Federal Design Achievement Award.

This legislation seeks to put these successful innovations to work on the Missouri River and expand their use on the middle Mississippi by providing a specific authorization and a dedicated and substantial source of funds. In other words, we are giving the corps the tools they need to put their ideas to work to improve the rivers to benefit fish and wildlife.

The legislation authorizes $10 million per year to protect, create and enhance side channels, island habitat, sand bars, and other riverine habitat. For example, by notching rock dikes that run perpendicular to the shoreline, sandbars develop between the dikes which has been provided nesting habitat for the endangered least tern and valuable spawning ground for the endangered pallid sturgeon. The Missouri Department of Conservation has run tests validating an increase in diversity and numbers of microinvertebrates surrounding the notched dikes.

Chevron dikes have been developed to improve river habitat and to create beneficial uses of dredge material. These structures are placed in the shallow side of the river channel pointing upstream which improves the river channel while serving as small islands. These islands encourage the development of all four primary river ecosystem habitats and additionally, various micro-organisms cling to the underwater rock structures, providing a food source for fish.

Changing the gradation of rock revetments, used to stabilize eroding riverbanks, has proved to provide greater bank stability and precluded the need to remove bank vegetation so that, for the first time, trees and rock revetment could coexist providing greater habitat diversity.

The draft legislation authorizes $10 million per year over 5 years to develop and implement a plan including the following activities: Modification and improvement of navigation training structures to protect and enhance fish and wildlife habitat; creation of side channels to protect and enhance fish and wildlife habitat; restoration and creation of island fish and wildlife habitat; creation of riverine fish and wildlife habitat; establishment of criteria to prioritize based on cost-effectiveness and likelihood of success; and physical and biological monitoring for evaluating the success of the project.

The draft provides that the project be coordinated with other related Federal and State activities and that there be public participation in the development and implementation of the project. It requires a 25-percent non-Federal cost share and limits the Federal cost of any single project to $5 million. Finally, the draft legislation confers no new regulatory authority and requires compliance with the National Environmental Policy Act.

The legislation is designed to work between the banks of the river and forbids expressly any adverse impacts on private lands and water-related activities including flood control, navigation, and water supply. Additionally, it is designed to compliment other existing programs such as the Missouri River Mitigation project and the Environmental Management Program on the Mississippi River.

I intend to work with the administration and with other Senators and interested groups to build the broad support necessary to enact this legislation in an omnibus Water Resources Development Act the Senate is expected to consider in 1998.

Mr. President, the problems experienced in the Midwest and elsewhere with railroad bottlenecks highlight the need for diverse transportation options. As the fall harvest proceeds, there are reports of grain being piled on the ground in neighboring Kansas and Nebraska. Notwithstanding that I must continue working on behalf of Missouri to preserve river navigation as a transportation option, our joint efforts to pursue this new legislation is a strong indicator that we may be experiencing an episode of domestic detente on river policy between groups that have pursued differing approaches in the past. This legislation offers a significant boost for our need to make the various river uses compatible and an important step toward unifying the river's stakeholders behind a realistic approach for the future.

I thank and congratulate the various groups who have come together behind this legislation and look forward to enacting this consensus legislation.

By Mr. BUMPERS (for himself and Mr. GORTON):

S. 1401. A bill to provide for the transition to competition around electric energy suppliers for the benefit and protection of consumers, and for other purposes; to the Committee on Energy and Natural Resources.

THE TRANSITION TO ELECTRIC COMPETITION ACT OF 1997

Mr. BUMPERS. Mr. President, I rise to day to introduce the Transition to Electric Competition Act of 1997 along with my colleague from the State of Washington, Senator GORTON. This bill provides for the transition toward deregulation and competition in the electric utility industry.

While few people find a discussion of the electric utility industry and the many laws and regulations governing the industry exciting, the fact is that electricity is an extremely important commodity which affects everyone on a daily basis. Any event that increases or reduces electric rates can impact: First, the lives of the poor and those on fixed incomes that depend on electricity to heat their homes in the winter and cool them in the summer; second, the price of goods we buy every day; as well as third, the competitiveness of our factories. In addition, decisions made by electric generators often have a direct effect on our environment as well as our energy security.

It is not at all inconsequential that the electric utility industry, which has remained relatively static for the last 60 years, is undergoing a fundamental change. Instead of the traditional vertically integrated local utility, which generates power at its own plants, transmits that power over its own lines and sells that power to all consumers in a particular area, consumers in some States are starting to be bombarded with all sorts of offers from companies competing to become their power supplier, and other entrepreneurs will be seeking to buy large blocks of power to serve certain kinds of consumers. Naturally, these changes are bound to create considerable apprehension among both utilities and consumers.

Mr. President, in January I introduced S. 237, the Electric Consumers Protection Act, because I believed that retail electric competition was inevitable and Federal legislation was necessary to ensure that certain consumers were not disadvantaged in the process. Several States were proceeding to introduce competition in their jurisdictions and a number of others were examining the matter. Since that time I have become even more convinced that competition is on the horizon. Eleven States have now enacted legislation or issued regulations requiring retail competition by a time certain. Almost every other State currently has the matter under review.

Some argue that there is no need for the Federal Government to intervene; that the States are doing just fine on their own and they should decide when and how to proceed with retail electric competition. Mr. President, I couldn't disagree more.

A State-by-State approach will likely produce a lot of unintended consequences which will limit the benefits associated with retail competition and could disadvantage certain consumers. Electric generation markets are becoming increasingly regional and even multi-regional. What happens in one State can have direct and indirect impacts on consumers and utilities located in another State. Utilities operating in more than one State can be subjected to conflicting regulatory regimes which could impact the way they operate their systems and the electric rates paid by consumers.

This phenomenon is best illustrated by the multistate utility holding companies registered under the Public Utility Holding Company [PUHCA]. I have had a lot of experience with registered holding companies because two of them serve my home State of Arkansas. These holding companies generally plan for and operate generating facilities on a system-wide basis for the benefit of customers in the entire region

served by the company. If restructuring proceeds on a State-by-State basis, these holding companies would find themselves subjected to different requirements which could negatively impact consumers.

A State-by-State approach to retail competition also present problems where utilities operate entirely within a single State. It would make no sense for a utility in a State that does not require retail competition, to be able to sell power at retail in an adjoining State that requires retail competition, while a utility subjected to retail competition is unable to mitigate its losses by competing for customers in the adjoining State. Such a result both increases stranded costs and distorts the generation marketplace.

Moreover, the States can't adequately address issues associated with the use of transmission lines that provide for the transportation across a number of States or the ability of a utility with significant market power to dominate electricity generation in an entire region. Clearly these are issues that need to be resolved at the Federal level.

When I introduced S. 237 there weren't many calling for Federal action. However, interested observers are increasingly coming to the conclusion that Federal electric restructuring legislation is not only helpful, but is necessary. Even some of the States are calling on the Federal Government to act.

The legislation we are introducing today is an updated version of S. 237. The bill includes the following provisions: All consumers would have the right to choose their power supplier by January 1, 2002. States could choose an earlier date for their residents if they wish. Utilities would be able to recover their legitimate, prudent and verifiable costs that they would have been able to recover from ratepayers if retail competition had not been implemented. Consumers located in States that currently have low cost electricity would be protected from rate increases by ensuring that utilities can't use their existing assets to sell power in more lucrative markets to the disadvantage of their existing customers. All utilities selling retail power would be required to generate a portion of that power using renewable resources. All of the interstate transmission facilities throughout the country would be managed by independent system operators to ensure that electricity flows in an efficient manner and that markets are competitive. FERC would be given greater authority to protect against the use of market power by utilities to inhibit competition. Both the Public Utility Holding Company Act [PUHCA] and the Public Utility Regulatory Policies Act [PURPA] would be repealed in conjunction with the implementation of retail electric competition.

In addition, Mr. President, the legislation attempts to address some of the issues that relate to the impact of retail electric competition on two Federal entities—the Bonneville Power Administration [BPA] and the Tennessee Valley Authority [TVA]. Senator GORTON is especially knowledgeable about the special problems facing BPA and I expect that he will work closely with the other Members of the Senate from the Pacific Northwest in developing a consensus approach.

With regard to TVA, our bill attempts to develop an approach that will enable retail competition to be smoothly introduced in the Tennessee Valley and will help TVA pay off its tremendous debt. The bill also requires the TVA board to prepare a study examining whether TVA should be privatized. I know that some observers may be concerned that this could be a first step toward the privatization of the Federal Power Marketing Administration [PMA's]. Mr. President, there is no connection whatsoever between TVA and the PMA's. The PMA's market power generated at hydroelectric facilities located at Federal dams. These dams perform a variety of public services and cannot be privatized. TVA, on the other hand, generates the bulk of its power from coal and nuclear plants that serve no public purposes. In addition, the Federal PMA's pay for themselves through power sales. TVA, on the other hand, has an enormous level of privately held debt which it must find a way to pay off, since the Federal Government is not responsible for it.

Mr. President, I am especially pleased that Senator GORTON has decided to join with me in the effort to enact comprehensive electric restructuring legislation. He has a reputation as a very bright and thoughtful Member of this body and is a distinguished member of the Energy and Natural Resources Committee, which has jurisdiction over the matter. I know that he shares my desire to move this legislation through Congress quickly next year.

Senator MURKOWSKI, the chairman of the Senate Energy Committee, recently indicated that he expects the committee to mark up electric restructuring legislation next year. Both Senator GORTON and I want to work with him and the other members of the committee in moving forward. I look forward to undertaking this important task.

Mr. President, I want to say how honored I am to have one of our most distinguished Senators, Senator GORTON of Washington, as my chief cosponsor on this bill.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

Mr. President, I ask unanimous consent that a section-by-section analysis of the Transition to Electric Competition Act of 1997 be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1401

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE. This Act may be cited as the ''Transition to Electric Competition Act of 1997''.

(b) TABLE OF CONTENTS.—The table of contents is as follows:

SEC. 2. FINDINGS.

The Congress finds that:

(a) Congress has the authority to enact laws, under the Commerce Clause of the

United States Constitution, regarding the wholesale and retail generation, transmission, distribution, and sale of electric energy in interstate commerce.

(b) Several States have taken steps to require competition among retail electric supplies and a large number of other States are expected to act.

(c) It has been the policy of Congress and the Commission to promote competition among wholesale electric suppliers.

(d) It is in the public interest that the transition towards competition in electric service ensures that all consumers receive reliable and competitively-priced electric service.

(e) Electric utility companies that prudently incurred costs pursuant to a regulatory structure that required them to provide electricity to consumers should not be penalized during the transition to competition.

(f) Consumers will not benefit from the introduction of competition among electric energy suppliers if certain suppliers have undue market power.

(g) It is important to encourage conservation and the use of renewable resources to reduce reliance on fossil fuels, promote domestic energy security and protect the environment.

(h) Competition among electric energy suppliers should not degrade reliability nor cause consumers to lose electric service.

SEC. 3. DEFINITIONS.

For purposes of this Act:

(a) The term ''affiliate'' of a specific company means any company 5 percent or more of whose outstanding voting securities are owned, controlled, or held with power to vote, directly or indirectly, by such specific company.

(b) The term ''aggregator'' means any person that purchases or acquires retail electric energy on behalf of two or more consumers.

(c) The term ''ancillary services'' shall have the same meaning assigned to it by the Commission.

(d) The term ''associate company'' of a company means any company in the same holding company system with such company.

(e) The term ''Commission'' means the Federal Energy Regulatory Commission.

(f) The term ''company'' means a corporation, joint stock company, partnership, association, business trust, organized group of persons, whether incorporated or not, or a receiver or receivers, trustee or trustees of any of the foregoing.

(g) The term ''corporation'' means any corporation, joint-stock company, partnership, association, rural electric cooperative, municipal utility, business trust, organized group of persons, whether incorporated or not, or a receiver or receivers, trustee or trustees of any of the foregoing.

(h) The term ''electric utility company'' means any company that owns or operates facilities used for the generation, transmission or distribution of electric energy for sale.

(i) The term ''gas utility company'' means any company that owns or operates facilities used for distribution at retail (other than the distribution only in enclosed portable containers) of natural or manufactured gas for heat, light or power.

(j) The term ''holding company system'' means a holding company together with its subsidiary companies.

(k) The term ''large hydroelectric facility'' means a facility which has a power production capacity which, together with any other facilities located at the same site, is greater than 80 megawatts.

(l) The term ''local distribution facilities'' means facilities used to provide retail electric energy for ultimate consumption.

(m) The term ''lost retail benefits'' means the increased cost of retail electric energy in a retail electric energy provider's service territory resulting from the sale subsequent to the implementation of retail electric competition, outside such service territory, of electric energy generated at facilities the cost of which were included in the retail rate base of the retail electric energy provider prior to the implementation of retail electric competition.

(n) The term ''mitigation'' means any widely accepted business practice used by an electric utility company to dispose of or reduce uneconomic assets or costs.

(o) The term ''municipal utility'' means a city, county, irrigation district, drainage district, or other political subdivision or agency of a State competent under the laws thereof to carry on the business of a retail electric energy provider and/or a retail electric energy supplier.

(p) The term ''person'' means an individual or corporation.

(q) The term ''public utility company'' means an electric utility company or gas utility company but does not mean a qualifying facility as defined in the Public Utility Regulatory Policies Act, or an exempt wholesale generator or a foreign utility company defined in the Energy Policy Act of 1992.

(r) The term ''public utility holding company'' means (A) any company that directly or indirectly owns, controls, or holds with power to vote, 10 percent or more of the outstanding voting securities of a public utility company or of a holding company of any public utility company; and (B) any person, determined by the Securities and Exchange Commission, after notice and opportunity for hearing, to exercise directly or indirectly (either alone or pursuant to an arrangement or understanding with one or more persons) such a controlling influence over the management or policies of any public utility or holding company as to make it necessary or appropriate for the protection of consumers with respect to rates that such person be subject to the obligations, duties, and liabilities imposed in this title upon holding companies.

(s) The term ''renewable energy'' means electricity generated from solar, wind, waste, including municipal solid waste, biomass, hydroelectric or geothermal resources.

(t) The term ''Renewable Energy Credit'' means a tradable certificate of proof that one unit (as determined by the Commission) of renewable energy was generated by any person.

(u) The term ''retail electric competition'' means the ability of each consumer in a particular State to purchase retail electric energy from any person seeking to sell electric energy to such consumer.

(v) The term ''retail electric energy'' means electric energy and ancillary services sold for ultimate consumption.

(w) The term ''retail electric energy provider'' means any person who distributes retail electric energy to consumers regardless of whether the consumers purchase such energy from the provider or an alternative supplier. A retail electric energy provider may also be a retail electric energy supplier.

(x) The term ''retail electric energy supplier'' means any person which sells retail electric energy to consumers.

(y) The term ''retail stranded costs'' means all legitimate, prudent, verifiable and nonmitigatable costs incurred by an electric utility company in all of its generation assets which would have been recoverable in retail rates but for the implementation of retail electric competition, less the total market value of these assets after retail electric competition is implemented. Binding power purchase contracts and regulatory assets, the costs of which would have been recovered but for the implementation of retail electric competition, shall be considered generation assets for purposes of this subsection.

(z) The term ''rural electric cooperative'' means a corporation that is currently paying off a loan for the purposes of providing electric service from the Administrator of the Rural Electrification Administration or the Rural Utilities Service under the Rural Electrification Act of 1936.

(aa) The term ''State'' means any State or the District of Columbia.

(bb) The term ''State regulatory authority'' means the regulatory body of a State or municipality having sole jurisdiction to regulate rates and charges for the distribution of electric energy to consumers within the State or municipality.

(cc) The term ''subsidiary company'' of a holding company means—

(1) any company 10 percent or more of the outstanding voting securities of which are directly or indirectly owned, controlled, or held with power to vote, by such holding company; and

(2) any person the management or policies of which the Securities and Exchange Commission, after notice and opportunity for hearing, determines to be subject to a controlling influence, directly or indirectly, by such holding company (either alone or pursuant to an arrangement or understanding with one or more other persons) so as to make it necessary for the protection of consumers that such person be subject to the obligations, duties, and liabilities imposed upon subsidiary companies of public utility holding companies.

(dd) The term ''transmission system'' means all facilities, including federally-owned facilities, transmitting electricity in interstate commerce in a particular region, including all facilities transmitting electricity in the State of Texas and those providing international interconnections, but does not include local distribution facilities as determined by the Commission.

(ee) The term ''wholesale electric energy'' means electric energy and ancillary services sold for resale.

(ff) The term ''wholesale electric energy supplier'' means any person which sells wholesale electric energy.

(gg) The term ''wholesale stranded costs'' shall have the same meaning as in the Commission's Order No. 888.

(hh) The term ''voting security'' means any security presently entitling the owner or holder thereof to vote in the direction or management of the affairs of a company.

SEC. 4. SEVERABILITY.

If any provision of this Act, or the application of such provision to any person or circumstance, shall be held invalid, the remainder of the Act, and the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

SEC. 5. ENFORCEMENT.

(a) VIOLATION OF THE ACT.—If any individual or corporation or any other retail electric energy supplier or provider fails to comply with the requirements of this Act, any aggrieved person may bring an action against such entity to enforce the requirements of this Act in the appropriate Federal district court.

(b) STATE OR COMMISSION ACTION.—Notwithstanding any other provision of law, any person seeking redress from an action taken by a State regulatory authority, the Commission or a regulatory board pursuant to this Act shall bring such action in the appropriate circuit of the United States Court of Appeals.

TITLE I—ELECTRIC COMPETITION

SEC. 101. MANDATORY RETAIL ACCESS.

(a) CUSTOMER CHOICE.—Beginning on January 1, 2002, each consumer shall have the right to purchase retail electric energy from any person offering to sell retail electric energy to such consumer, subject to any limitations imposed pursuant to section 104(a) of this Act.

(b) LOCAL DISTRIBUTION AND RETAIL TRANSMISSION FACILITIES.—Beginning on January 1, 2002, all persons seeking to sell retail electric energy shall have reasonable and nondiscriminatory access, on an unbundled basis, to the local distribution and retail transmission facilities of all retail electric energy providers and all ancillary services.

SEC. 102. AGGREGATION.

Subject to any limitations imposed pursuant to section 104(a) of this Act, a group of consumers or any person acting on behalf of such group may purchase or acquire retail electric energy for the members of the group if they are located in a State or States where there is retail electric competition.

SEC. 103. PRIOR IMPLEMENTATION.

(a) STATE ACTION.—Nothing in the Federal Power Act (16 U.S.C. 824 et seq.) shall be deemed to prohibit a State or State regulatory authority, if authorized under State law, from requiring retail electric energy providers selling retail electric energy to consumers in such State to provide reasonable and nondiscriminatory access, on an unbundled basis, to its local distribution facilities and all ancillary services to any retail electric energy supplier prior to January 1, 2002.

(b) GRANDFATHER.—Legislation enacted by a State or a regulation issued by a State regulatory authority which has the effect of providing all consumers in such State the opportunity to purchase retail electric energy from any retail electric energy supplier by January 1, 2002 and provides electric utility companies with the opportunity to recover their retail stranded costs as defined by this Act (unless there is an agreement between a State or State regulatory authority and a retail electric energy provider which provides for a different level of recovery), shall be deemed to be in compliance with the requirements of sections 101 and 105 of this Act.

(c) RECIPROCITY.—A State or State regulatory authority that provides for retail electric competition may preclude any retail electric energy provider selling retail electric energy to consumers in another State and their affiliates from selling retail electric energy to consumers in the State with retail electric competition if the retail electric energy provider does not provide reasonable and nondiscriminatory access, on an unbundled basis, to its local distribution facilities to any retail electric energy supplier.

SEC. 104. STATE REGULATION.

(a) STATE REQUIREMENTS.—A State or a State regulatory authority may impose requirements on persons seeking to sell retail electric energy to consumers in that State which are intended to promote the public interest, including requirements related to generation reliability and the provision of information to consumers and other retail electric energy suppliers. Any such requirements must be applied on a nondiscriminatory basis and may not be used to exclude any class of potential suppliers, such as retail electric energy providers, from the opportunity to sell retail electric energy.

(b) MAINTENANCE OF STATE AUTHORITY.—Nothing in this Act is intended to prohibit a State from enacting laws or imposing regulations related to retail electric energy service that are consistent with the requirements of this Act.

(c) CONTINUED STATE AUTHORITY OVER DISTRIBUTION.—A State or State regulatory authority may continue to regulate local distribution service currently subject to State regulation, including billing and metering in any manner consistent with this Act.

SEC. 105. RETAIL STRANDED COST RECOVERY.

(a) APPLICATION FOR DETERMINATION.—Except as provided in subsection (b), an electric utility company subject to the ratemaking jurisdiction of a State regulatory authority prior to the date of enactment of this Act may submit an application to the State regulatory authority seeking a determination of its total stranded costs in that State if:

(1) the State regulatory authority has issued a regulation or the State has enacted legislation requiring retail electric competition which does not provide for the full recovery of retail stranded costs; or

(2) the electric utility company's retail distribution customers have access to retail competition as a result of the requirements of Section 101 of this Act.

(3) If a State regulatory authority fails to determine the electric utility company's retail stranded costs within 18 months after the date upon which the company applied for a determination of its stranded costs, the Commission shall determine the company's retail stranded costs.

(b) NONREGULATED UTILITIES.—A municipal or rural electric cooperative that seeks to recover its retail stranded costs may determine its total retail stranded costs.

(c) RIGHT OF RECOVERY.—(1) An electric utility company, municipal utility or retail electric cooperative shall be entitled to full recovery of its retail stranded costs, as determined pursuant to subsection (a) or (b), over a reasonable period of time through a non-bypassable Stranded Cost Recovery Charge imposed on its customers.

(2) A rural electric cooperative which sells wholesale electric energy to rural electric cooperative retail electric energy providers or a joint action agency which sells wholesale electric energy to municipal retail electric energy providers may recover wholesale stranded costs from such rural electric cooperative or municipal retail electric energy providers. Such cost recovery shall be deemed a retail stranded cost of the rural electric cooperative or municipal retail energy provider.

(d) PROHIBITION ON COST-SHIFTING.—(1) No class of consumers in a State shall be assessed a Stranded Cost Recovery Charge that a State regulatory authority or the Commission, whichever is applicable, determines is in excess of the class' proportional responsibility for the retail electric energy provider's costs that existed prior to the implementation of retail electric competition in such State.

(2) Customers of a retail electric energy provider that serves consumers in more than one State or that is affiliated with another retail electric energy provider shall only be responsible for stranded costs associated with retail electric competition in the State or area in which such customers are located.

(e) PRIOR PRUDENCE DETERMINATIONS.—Nothing in this Act is intended to affect or modify or permit the modification of a final determination made by the Commission or a State regulatory authority or an agreement entered into by the Commission or a State regulatory authority with regard to the prudence of any costs associated with a particular generating facility or contract.

SEC. 106. WHOLESALE STRANDED COST RECOVERY.

(a) COMMISSION REGULATION.—The Commission shall have sole jurisdiction to determine and provide for the recovery of wholesale stranded costs associated with wholesale electric competition with regard to public utilities subject to the jurisdiction of the Commission pursuant to the Federal Power Act.

(b) REGIONAL GENERATING FACILITIES.—

(1) The consent of Congress is given for the creation of a regional board if—

(A) each State regulatory authority regulating an affiliate of a public utility holding company with affiliate retail electric energy providers serving customers in more than one state elects to join such a board;

(B) an affiliate of the public utility holding company owns and/or operates a generating facility and sells power from that facility to two or more affiliates of the same holding company and did not sell retail electric energy prior to January 30, 1997 (hereinafter referred to as the ''wholesale generating company''); and

(C) the public utility holding company notifies each State regulatory authority which regulates a retail electric energy provider affiliated with the holding company that it intends to seek recovery of the wholesale stranded costs associated with the generating facility or facilities (described in subsection (b)(1)(B)) owned by the wholesale generating company affiliated with such holding company.

(2) The regional board shall be formed if each State regulatory authority elects to create the board within six months after receiving the notification described in subsection (b)(1)(C). If such elections are not made within the requisite time period, the Commission shall assume the responsibilities of the board as described in this section.

(3) The regional board shall have 18 months after the date it is formed to determine, on a unanimous basis, the wholesale stranded costs associated with the generating facility which is the subject of the proceeding and to allocate such costs among the retail electric energy provider affiliates of the public utility holding company on a just and reasonable and nondiscriminatory basis.

(4) If the regional board fails to make either or both determinations, as described in subsection (b)(3) in the requisite time period, the Commission shall make the determination or determinations that have yet to be made.

(5) After its level of wholesale stranded costs is determined pursuant to this subsection, the wholesale generating company affiliate of the holding company shall be entitled to fully recover its stranded costs, over a reasonable period of time, from the retail electric energy provider affiliates to which it sells electric energy pursuant to the procedures established by this subsection.

(6) A retail electric energy provider's wholesale stranded cost payment obligations pursuant to this subsection shall be deemed retail stranded costs for the purposes of section 105 of this Act.

SEC. 107. LOST RETAIL BENEFITS.

A State may require a retail electric energy provider to compensate its retail customers for lost retail benefits if, after retail competition is implemented, the market value of all of the provider's generating assets in the rate base prior to the implementation of retail electric competition is greater than the total costs of these assets that would have been recoverable in retail rates but for the implementation of retail electric competition. No retail electric energy provider shall be required to compensate its customers in an amount that exceeds the increased market value of its generating assets resulting from the implementation of retail electric competition.

SEC. 108. UNIVERSAL SERVICE

(a) STATE UNIVERSAL SERVICE PROGRAMS.—A State may establish a Universal Service

Program that ensures that all consumers have access to purchase retail electric energy from at least one retail electric energy supplier at a just and reasonable rate.

(b) SERVICE OBLIGATION.—(1) After January 1, 2002, each retail electric energy provider located in a State that has not yet established a Universal Service Program described in subsection (a) shall be obligated to sell retail electric energy to, or purchase retail electric energy on behalf of, any of its customers in a particular geographic area in which a State regulatory authority or the Commission, if the State regulatory authority fails to make a determination pursuant to a request by an affected person, determines that there is not effective retail electric competition in such area and the consumer has not affirmatively chosen a retail electric energy supplier.

(2) The retail electric energy provider performing the service described in subsection (b)(1) is entitled to a just and reasonable rate from the consumer receiving such service.

(c) UNIVERSAL SERVICE FUND.—A State or a State regulatory authority, if authorized by the State, may impose a nonbypassable Universal Service Charge on all customers of every retail electric energy provider in such State to fund all or part of the costs of a Universal Service Program, including the partial or full payment of the charges a provider may recover pursuant to subsection (b)(2).

SEC. 109. PUBLIC BENEFITS.

Nothing in this Act shall prohibit a State or State regulatory authority from assessing charges on retail consumers of energy to fund public benefits programs such as those designed to aid low-income energy consumers, promote energy research and development or achieve energy efficiency and conservation.

SEC. 110. RENEWABLE ENERGY.

(a) MINIMUM RENEWABLE REQUIREMENT.—Beginning on January 1, 2004 and each year thereafter, every retail electric energy supplier shall submit to the Commission Renewable Energy Credits in an amount equal to the required annual percentage of the total retail electric energy sold by such supplier in the preceding calendar year.

(b) STATE RENEWABLE ENERGY PROGRAMS.—Nothing in this section shall be construed to prohibit any State or any State regulatory authority from requiring additional renewable energy generation in that State under any program adopted by the State.

(c) REQUIRED ANNUAL PERCENTAGE.—Beginning in calendar year 2003, the required annual percentage for each retail electric energy supplier shall be 5 percent. Thereafter, the required annual percentage for each such supplier shall be 9 percent beginning in calendar year 2008 and 12 percent beginning in calendar year 2013.

(d) SUBMISSION OF CREDITS.—A retail electric energy supplier may satisfy the requirements of subsection (a) through the submission of—

(1) Renewable Energy Credits issued by the Commission under this section for renewable energy sold by such supplier in such calendar year.

(2) Renewable Energy Credits issued by the Commission under this section to any other retail electric energy supplier for renewable energy sold in such calendar year by such other supplier and acquired by such retail electric energy supplier.

(3) Any combination of the foregoing.

A Renewable Energy Credit that is submitted to the Commission for any year may not be used for any other purposes thereafter.

(e) ISSUANCE OF RENEWABLE ENERGY CREDITS.—

(1) The Commission shall establish by rule after notice and opportunity for hearing but not later than one year after the date of enactment of this Act, a National Renewable Energy Trading Program to issue Renewable Energy Credits to retail electric suppliers. Renewable Energy Credits shall be identified by type of generation and the State in which the facility is located. Under such program, the Commission shall issue—

(A) one-half of one Renewable Energy Credit to any retail electric energy supplier who sells one unit of renewable energy generated at a large hydroelectric facility;

(B) one Renewable Energy Credit to any retail electric energy supplier who sells one unit of renewable energy generated at a facility, other than a large hydroelectric facility, built prior to the date of enactment of this Act; and

(C) two Renewable Energy Credits to any retail electric supplier who sells one unit of renewable energy generated at a facility, other than a large hydroelectric facility, built on or after the date of enactment of this Act.

(2) The Commission shall impose and collect a fee on recipients of Renewable Energy Credits in an amount equal to the administrative costs of issuing, recording, monitoring the sale or exchange, and tracking such Credits.

(f) SALE OR EXCHANGE.—Renewable Energy Credits may be sold or exchanged by the person issued or the person who acquires the Credit. A Renewable Energy Credit for any year that is not used to satisfy the minimum renewable sales requirement of this section for that year may not be carried forward for use in another year. The Commission shall promulgate regulations to provide for the issuance, recording, monitoring the sale or exchange, and tracking of such Credits. The Commission shall maintain records of all sales and exchanges of Credits. No such sale or exchange shall be valid unless recorded by the Commission.

(g) USE OF PROCEEDS BY BPA.—The Administrator of the Bonneville Power Administration shall use the proceeds from the sale of any Renewable Energy Credit issued to the Bonneville Power Administration under this section for its retail electric energy sales to repay the Administration's outstanding debt to the United States Treasury and bondholders of securities backed by the Bonneville Power Administration.

(h) RULES AND REGULATIONS.—The Commission shall promulgate such rules and regulations as may be necessary to carry out this section, including such rules and regulations requiring the submission of such information as may be necessary to verify the annual electric generation and renewable energy generation which is supplied by any person applying for Renewable Energy Credits under this section or to verify and audit the validity of Renewable Energy Credits submitted by any person to the Commission.

(i) ANNUAL REPORTS.—The Commission shall gather available data and measure compliance with the requirements of this section and the success of the National Renewable Energy Trading Program established under this section. On an annual basis not later than May 31 of each year, the Commission shall publish a report for the previous year that includes compliance data, National Renewable Energy Trading Program results, and steps taken to improve the Program results.

(j) SUNSET.—The requirements of this section shall cease to apply on December 31, 2019.

SEC. 111. DETERMINATION OF LOCAL DISTRIBUTION FACILITIES.

(a) APPLICATION BY STATE REGULATORY AUTHORITY.—A State regulatory authority may apply to the Commission for a determination whether a particular facility used for the transportation of electric energy located in such State is a local distribution facility subject to the jurisdiction of that State regulatory authority or is a transmission facility subject to the jurisdiction of the Commission.

(b) COMMISSION FINDINGS.—If an application is submitted pursuant to subsection (a) the Commission shall make a determination giving the maximum practicable deference to the position taken by the State regulatory authority, in accordance with the following factors associated with the facility:

(1) function and purpose;

(2) size;

(3) location;

(4) voltage level and other technical characteristics;

(5) historic, current and planned usage patterns;

(6) interconnection and coordination with other facilities; and

(7) any other factor the Commission deems relevant.

SEC. 112. TRANSMISSION.

(a) TRANSMISSION REGIONS.—Within two years after the date of enactment of this Act, the Commission shall establish the broadest feasible transmission regions and designate an Independent System Operator to manage and operate the transmission system in each region beginning on January 1, 2002. In establishing transmission regions and designating Independent System Operators the Commission shall give deference to Independent System Operators approved by the Commission prior to the date of enactment of this Act, if it would be consistent with the requirements of this section.

(b) INDEPENDENT SYSTEM OPERATORS.—A person designated as an Independent System Operator shall not be subject to the control of—

(1) any person owning any transmission facilities located in the region in which the Independent System Operator will operate; or

(2) any retail electric energy supplier selling retail electric energy to consumers in the region in which the Independent System Operator will operate.

(c) TRANSMISSION REGULATION.—

(1) The Commission shall continue to have authority over the transmission of electric energy in interstate commerce by the Independent System Operator within the transmission region designated by the Commission.

(2) The Commission shall have authority over the transmission of electric energy in interstate commerce between two or more transmission regions designated by the Commission.

(3) Sections 212(f) and 212(j) of the Federal Power Act (16 U.S.C. 824k(f) and 824k(j)) are repealed effective January 1, 2002.

(4) Section 212(g) of the Federal Power Act (16 U.S.C. 824k(g)) is amended by adding ''prior to January 1, 2002'' immediately following ''utilities''.

(5) Section 212(h) of the Federal Power Act (16 U.S.C. 824k(h))—

(A) shall not apply after the date of enactment of this Act where a retail electric energy supplier is seeking access to a transmission facility for the purpose of selling retail electric energy to a consumer located in a State that has authorized retail electric competition prior to January 1, 2002; or

(B) is repealed effective January 1, 2002.

(f) RULES.—On or before January 1, 2001, the Commission shall issue binding rules governing oversight of the Independent System Operators and designed to promote transmission reliability and efficiency and competition among retail and wholesale electric energy suppliers, including rules related to transmission rates that inhibit competition and efficiency.

SEC. 113. COMPETITIVE GENERATION MARKETS.

(a) MERGERS.—

(1) Section 203(a) of the Federal Power Act (16 U.S.C. 824b(a)) is amended by adding ''including the promotion of competitive wholesale and retail electric generation markets,'' immediately following ''public interest''.

(2) Section 203 of the Federal Power Act (16 U.S.C. 824b) is further amended by adding at the end the following:

''(c) ACQUISITION OF NATURAL GAS UTILITY COMPANY.—No public utility shall acquire the facilities or securities of a natural gas utility company unless the Commission finds that such acquisition is in the public interest.

''(d) DEFINITION.—For purposes of this section, the term ''natural gas utility company'' means any company that owns or operates facilities used for the transportation at wholesale, or the distribution at retail (other than the distribution only in enclosed portable containers) of natural or manufactured gas for heat, light, or power.''.

(b) MARKET POWER.—The Commission may take such actions as it determines are necessary, including the following:

(1) ordering the physical connection of generating or transmission facilities,

(2) ordering a transmitting utility (as defined in section 3(23) of the Federal Power Act (16 U.S.C. 796(23)) to provide transmission services (including any enlargement of transmission capacity (consistent with applicable state law) necessary to provide such services), or

(3) requiring the divestiture of generating or transmission facilities,

in order to prohibit any retail or wholesale electric energy supplier or retail electric energy provider or any affiliate thereof, from using its ownership or control of resources to maintain a situation inconsistent with effective competition among retail and wholesale electric suppliers.

SEC. 114. NUCLEAR DECOMMISSIONING COSTS.

To ensure safety with regard to the public health and safe decommissioning of nuclear generating units, any retail and wholesale electric energy supplier owning nuclear generating units prior to the date of enactment of this Act shall recover all reasonable costs (as determined by the Commission and relevant State regulatory authorities) associated with Federal and State requirements for the decommissioning of such nuclear generating units pursuant to a non-bypassable charge imposed on all consumers located in the service territories purchasing power, or that had purchased power, from such nuclear generating units. In overseeing the non-bypassable charge, a State regulatory authority may take into account the greater cost responsibility of those consumers which continue to purchase power generated at a nuclear unit.

SEC. 115. RIGHT TO KNOW.

Beginning on January 1, 2002, the Commission shall ensure that each retail electric energy supplier discloses to the public information on the types of fuel used to generate the electricity sold by the supplier, including the percentage of the electric energy sold by the supplier that is generated by each fuel type.

SEC. 116. EXEMPTION OF ALASKA AND HAWAII.

This title shall not apply to any person located in Alaska or Hawaii with regard to any activity or transaction occurring in Alaska or Hawaii.

TITLE II—PUBLIC UTILITY HOLDING COMPANIES

SEC. 201. REPEAL OF THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935.

The Public Utility Holding Company Act of 1935, as amended, 15 U.S.C. 79 et seq., is hereby repealed, effective one year from the date of enactment of this Act.

SEC. 202. EXEMPTIONS.

(a) FEDERAL AND STATE AGENCIES.—No provision of this title shall apply to: (1) the United States, (2) a State or any political subdivision of a State, (3) any foreign governmental authority not operating in the United States, (4) any agency, authority, or instrumentality of any of the foregoing, or (5) any officer, agent, or employee of any of the foregoing acting as such in the course of his official duty.

(b) UNNECESSARY PROVISIONS.—The Commission, by rule or order, may conditionally or unconditionally exempt any person or transaction, or any class or classes of persons or transactions, from any provision or provisions of this title or of any rule or regulation thereunder, if the Commission finds that regulation of such person or transaction is not relevant to the rates of a public utility company. The Commission shall not grant such an exemption, except with regard to section 204 of this Act, unless all affected State regulatory authorities consent.

(c) RETAIL COMPETITION.—The provisions of this title shall not apply to a holding company and every associate company of such holding company if the Commission certifies that the retail customers of every public utility subsidiary of such holding company have access to retail electric competition and each State regulatory authority regulating the retail electric energy provider subsidiaries of the holding company certify that they will have sufficient access to the holding company's books and records relevant to their regulatory responsibilities.

SEC. 203. FEDERAL ACCESS TO BOOKS AND RECORDS.

(a) PROVISION OF BOOKS AND RECORDS.—Every holding company and associate company thereof shall maintain, and make available to the Commission, such books, records, accounts, and other documents as the Commission deems relevant to costs incurred by a public utility company that is an associate company of such holding company and necessary or appropriate for the protection of consumers with respect to rates.

(b) EXAMINATION OF BOOKS AND RECORDS.—The Commission may examine the books and records of any company in a holding company system, or any affiliate thereof, as the Commission deems relevant to costs incurred by a public utility company within such holding company system and necessary or appropriate for the protection of consumers with respect to rates.

(c) PROTECTED INFORMATION.—No member, officer, or employee of the Commission shall divulge any fact or information that may come to his knowledge during the course of examination of books, accounts, or other information as hereinbefore provided, except insofar as he may be directed by the Commission or by a court.

SEC. 204. STATE ACCESS TO BOOKS AND RECORDS.

(a) PROVISION OF BOOKS AND RECORDS.—Every holding company and associate company thereof, shall maintain, and make available to each State regulatory authority regulating the rates of any public utility subsidiary of such holding company, such books, records, accounts, and other documents as the State regulatory authority deems relevant to costs incurred by a public utility company that is an associate company of such holding company and necessary or appropriate for the protection of consumers with respect to rates.

(b) PROTECTED INFORMATION.—No member, officer, or employee of a State regulatory authority shall divulge any fact or information that may come to his knowledge during the course of examination of books, accounts, or other information as hereinbefore provided, except insofar as he may be directed by the State regulatory authority or a court.

SEC. 205. AFFILIATE TRANSACTIONS.

(a) INTERAFFILIATE TRANSACTIONS.—Both the Commission, with regard to wholesale rates, and State regulatory authorities, with regard to retail rates, shall have the authority to determine whether a public utility company may recover in rates any costs of goods and services acquired by such public utility company from an associate company after the date of enactment regardless of when the contract for the acquisition of such goods and services was entered into.

(b) ASSOCIATE COMPANIES.—Both the Commission, with regard to wholesale rates, and State regulatory authorities, with regard to retail rates, shall have the authority to determine whether a public utility company may recover in rates any costs associated with an activity performed by an associate company.

(c) INTERAFFILIATE POWER TRANSACTIONS.—

(1) Each State regulatory authority shall have the authority to examine the prudence of a wholesale electric power purchase made by a public utility, which is not an associate company of a public utility holding company, providing retail electric service subject to regulation by the State regulatory authority.

(2) Each State regulatory authority shall have the authority to examine the prudence of a wholesale electric power purchase made by a public utility, which is an associate company of a public utility holding company, providing retail electric service subject to regulation by the State regulatory authority, provided that the costs related to such purchase have not been allocated among two or more associated companies of such public utility holding company, by the Commission prior to the date of enactment and there is no subsequent reallocation after the date of enactment.

SEC. 206. CLARIFICATION OF REGULATORY AUTHORITY.

No public utility which is an associate company of a holding company may recover in rates from wholesale or retail customers any costs (other than wholesale or retail stranded costs) not associated with the provision of electric service to such customers, including those direct and indirect costs related to investments not associated with the provision of electric service to those customers, unless the Commission, with regard to wholesale rates, or a State regulatory authority, with regard to retail rates, explicitly consents.

SEC. 207. EFFECT ON OTHER REGULATION.

Nothing in this Act shall preclude a State regulatory authority from exercising its jurisdiction under otherwise application law to protect utility consumers.

SEC. 208. ENFORCEMENT.

The Commission shall have the same powers as set forth in sections 306 through 317 of the Federal Power Act (16 U.S.C. 825d–825p) to enforce the provisions of this title.

SEC. 209. SAVINGS PROVISION.

Nothing in this title prohibits a person from engaging in activities in which it is legally engaged or authorized to engage on the date of enactment of this title provided that it continues to comply with the terms of any authorization, whether by rule or by order.

SEC. 210. IMPLEMENTATION.

The Commission shall promulgate regulations necessary or appropriate to implement this title not later than six months after the date of enactment of this Act.

SEC. 211. RESOURCES.

All books and records that relate primarily to the function hereby vested in the Commission shall be transferred from the Securities

and Exchange Commission to the Commission.

TITLE III—PUBLIC UTILITY REGULATORY POLICIES ACT

SEC. 301. DEFINITION.

For purposes of this title, the term ''facility'' means a facility for the generation of electric energy or an addition to or expansion of the generating capacity of such a facility.

SEC. 302. FACILITIES.

Section 210 of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 824a-3) shall not apply to any facility which begins commercial operation after the effective date of this title, except a facility for which a power purchase contract entered into under such section was in effect on such effective date.

SEC. 303. CONTRACTS.

After the effective date of this title or after the date on which retail electric competition, as defined in title I of this Act, is implemented in all of its service territories, whichever is earlier, no public utility company shall be required to enter into a new contract or obligation to purchase or sell electric energy pursuant to section 210 of the Public Utility Regulatory Policies Act of 1978.

SEC. 304. SAVINGS CLAUSE.

Notwithstanding sections 302 and 303, nothing in this title shall be construed:

(a) as granting authority to the Commission, a State regulatory authority, electric utility company, or electric consumer, to reopen, force, the renegotiation of, or interfere with the enforcement of power purchase contracts or arrangements in effect on the effective date of this Act between a qualifying small power producer and any electric utility or electric consumer, or any qualifying cogenerator and any electric utility or electric consumer.

(b) To affect the rights and remedies of any party with respect to such a power purchase contract or arrangement, or any requirement in effect on the effective date of this Act to purchase or to sell electric energy from or to a qualifying small power production facility or qualifying cogeneration facility.

SEC. 305. EFFECTIVE DATE.

This title shall take effect on January 1, 2002.

TITLE IV—ENVIRONMENTAL PROTECTION

SEC. 401. STUDY.

The Environmental Protection Agency, in consultation with other relevant Federal agencies, shall prepare and submit a report to Congress by January 1, 2000, which examines the implications of differences in applicable air pollution emissions standards for wholesale and retail electric generation competition and for public health and the environment. The report shall recommend changes to Federal law, if any are necessary, to protect public health and the environment.

TITLE V—BONNEVILLE POWER ADMINISTRATION

SEC. 501. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds that:

(1) The multi-purpose Federal Columbia River Power System's Federal and non-Federal dams have provided immeasurable benefits to the Pacific Northwest by providing flood control, renewable hydroelectric power, irrigation, navigation, and recreation;

(2) The dams provide the Northwest with a continuing source of clean and renewable power but, along with over-fishing and other natural and human impacts on the ecosystem, have adversely affected the Columbia Basin's fish and wildlife;

(3) Enactment of the Energy Policy Act of 1992 established competition for the wholesale supply of electricity, and market forces have driven the cost of power down nationally, the Northwest included, and has allowed utilities and large users to buy power at rates below those offered by the Bonneville Power Administration;

(4) Realizing the new economic forces impacting electricity, the four Northwest State Governors undertook a year-long review in 1996 of the regional electricity system and made recommendations for the future of the system;

(5) Among these recommendations is the separation of the transmission and power marketing functions of the Bonneville Power Administration, with Commission oversight of access to Bonneville's transmission system, and undertaking this separation in a way that does not impair Bonneville's ability to meet its obligations to the U.S. Treasury, fish and wildlife programs, and bondholders of the Washington Public Power Supply System;

(6) There are ongoing efforts by Bonneville to reduce its costs and require accountability of its funds, including those of its funds used for salmon recovery; and

(7) There is a need to provide a regional process involving the Federal Government, state governments, tribal governments, utilities and other users of the water of the Columbia and Snake River System, to balance the multiple objectives of the river system.

(b) PURPOSES.—The purposes of this title are:

(1) To establish authority in a consolidated regional governing body that will balance the multiple uses of the Columbia and Snake river system, for hydroelectric production, for irrigation, for recreation, for the protection and enhancement of fish and wildlife populations, and for flood control, with that body to be responsible and accountable for spending funds for these purposes;

(2) To facilitate the maintenance of an open transmission system in the Northwest based on Commission rules and to ensure its reliability; and

(3) To assure that the Bonneville Power Administration retains the ability to meet its unique financial obligations to the U.S. Treasury, to fish and wildlife projects, to the bondholders of the Washington Public Power Supply System, and to remain a competitive wholesale supplier of electricity.

SEC. 502. COLUMBIA RIVER FISH AND WILDLIFE COORDINATION AND GOVERNANCE.

This section is reserved.

SEC. 503. PACIFIC NORTHWEST FEDERAL TRANSMISSION ACCESS.

The Commission's rules on nondiscriminatory open access to transmission services provided by public utilities, including its rules on standards of conduct, shall also apply to transmission services provided by the Bonneville Power Administration, except as otherwise provided by the Commission by rule if it is in the public interest, or except as necessitated by the requirements of section 504 or 506 of this Act. Except as provided in sections 504 and 508 of this Act, rates for transmission imposed by the Administrator shall continue to be established and reviewed and approved in accordance with the provisions of otherwise applicable Federal laws.

SEC. 504. TRANSITION COST MECHANISM.

If the Bonneville Power Administration proposes a charge to recover its transition costs resulting from this Act, the Energy Policy Act, or the Commission's Order No. 888, a transition cost recovery mechanism shall be developed and adopted by the Commission within 180 days of the filing of the proposal with the Commission.

SEC. 505. INDEPENDENT SYSTEM OPERATOR PARTICIPATION.

Notwithstanding any other provision of law, the Administrator of the Bonneville Power Administration may participate in a regulated Independent System Operator subject to the jurisdiction of the Commission pursuant to section 112 of this Act.

SEC. 506. FINANCIAL OBLIGATIONS.

Sections 503, 504 and 505 of this Act shall be interpreted and implemented in a manner that does not adversely affect the security of the Bonneville Power Administration's Washington Public Power Supply System net-billing and other third-party financing arrangements.

SEC. 507. PROHIBITION ON RETAIL SALES.

Except as provided in section 5(d) of the Northwest Power Act (16 U.S.C. 839c(d)), the Administrator shall not market, sell or dispose of electric power to any end use or retail customers that did not have a contract for the purchase of electric power with the Administrator for services to specific facilities as of October 1, 1997.

SEC. 508. CLARIFICATION OF COMMISSION AUTHORITY.

Section 7(a)(2) of the Pacific Northwest Electric Power Planning and Conservation Act (16 U.S.C. 839e(a)(2)) is amended—

(1) by deleting the word ''costs,'' in paragraph (B);

(2) by striking the period at the end of paragraph (C) and inserting in lieu thereof '', and''; and

(3) by adding at the end thereof the following new paragraph:

''(D) insofar as transmission rates are concerned, the rates do not discriminate between transmission users or classes of users in a manner that has the effect of unreasonably denying transmission access under section 503 of this Act.''

SEC. 509. REPEALED STATUTE.

Section 6 of the Federal Columbia River Transmission System Act (16 U.S.C. 838d) is hereby repealed.

TITLE VI—TENNESSEE VALLEY AUTHORITY

SEC. 601. COMPETITION IN SERVICE TERRITORY.

Notwithstanding any other provision of law, beginning on January 1, 2002, all retail and wholesale electric energy suppliers shall have the right to sell retail and wholesale electric energy to persons that currently purchase retail or wholesale electric energy either directly from the Tennessee Valley Authority or persons purchasing electric energy from the Tennessee Valley Authority.

SEC. 602. ABILITY TO SELL ELECTRIC ENERGY.

(a) TVA.—Notwithstanding any other provision of law, the Tennessee Valley Authority may sell wholesale electric energy to any person, subject to any restrictions imposed pursuant to Section 104(a) of this Act, beginning on January 1, 2002.

(b) POWER CUSTOMERS.—Notwithstanding any other provision of law, persons that currently purchase wholesale electric energy from the Tennessee Valley Authority may sell wholesale and retail electric energy to any persons subject to any restrictions imposed pursuant to section 104(a) of this Act, beginning on January 1, 2002.

SEC. 603. TERMINATION OF CONTRACTS.

(a) NOTICE.—Beginning on January 1, 2001, the Tennessee Valley Authority shall allow any person that has executed a contract to purchase retail or wholesale electric energy from it to terminate such contract upon one year's notice.

(b) STRANDED COSTS.—Each person holding a contract that is terminated pursuant to subsection (a) shall be responsible for retail or wholesale stranded costs as determined by the Commission.

SEC. 604. RATES FOR ELECTRIC ENERGY.

(a) ESTABLISHMENT.—Notwithstanding any other provision of law, the Board of Directors of the Tennessee Valley Authority shall establish, and periodically review and revise, rates for the sale and disposition of wholesale and retail electric energy and for the transmission of electric energy by the Tennessee Valley Authority. Such rates shall be established and, as appropriate, revised to recover, in accordance with sound business principles, the costs associated with the generation, acquisition, conservation, transmission, and distribution of electric energy, including the payment of principal and interest on the Authority's bonds over a reasonable period.

(b) COMMISSION REVIEW.—Rates established under this section shall become effective only upon confirmation and approval by the Commission, upon a finding by the Commission that such rates are sufficient to ensure repayment of the Authority's bonds over a reasonable number of years after first meeting the Authority's legitimate, prudent, and verifiable costs.

SEC. 605. PRIVATIZATION STUDY.

(a) REQUIREMENT FOR PREPARATION OF STUDY.—The Board of Directors the Tennessee Valley Authority shall prepare a study for selling its electric power program (excluding dams and appurtenant works and structures) to private investors and, not later than two years after the date of enactment of this Act, shall submit such plan to the Congress.

(b) CONTENTS OF STUDY.—The study shall consider the following—

(1) both the sale of the authority's electric power program as a whole and the sale of some or all of its component parts;

(2) alternative means of selling the Authority's electric power program or its component parts, including a public stock offering, a private placement of stock, or the sale of assets; and

(3) the effect of any sale on—

(A) electric rates and competition in the regional electricity market,

(B) the operation of the Authority's nonpower programs, and

(C) the repayment of the Authority's debt.

(c) ADDITIONAL ELEMENTS.—The study shall also include—

(1) An estimate of the amount of revenue that the United States Treasury would receive under each of the alternatives considered;

(2) the Board's analysis of the feasibility of each of the alternatives considered and its recommendation either for retaining the Authority's power program under federal ownership or the preferred alternative for selling it to private investors; and

(3) the Board's recommendation of whether the Authority's dams should—

(A) be transferred to the Department of the Army Corps of Engineers and responsibility for marketing electric energy produced by such dams assigned to the Southeastern Power Marketing Administration, or

(B) continue to be controlled by, and the electric energy they produce continue to be marketed by the Tennessee Valley Authority.

(d) FURTHER ACTION.—The Board of Directors shall take no action to implement the sale of the Authority's power program without further legislation authorizing such action.

TRANSITION TO ELECTRIC COMPETITION ACT OF 1997—SECTION-BY-SECTION ANALYSIS

TITLE I—ELECTRIC COMPETITION

Section 101—Mandatory Retail Access

All consumers (including current customers of investor-owned municipal and rural cooperative electric utilities) have the right to purchase retail electric energy beginning on January 1, 2002.

All retail electric energy suppliers (entities selling retail electric energy) have access to local distribution facilities and all ancillary services beginning on January 1, 2002.

Section 102—Aggregation

A group of consumers or any entity acting on behalf of such group is authorized to aggregate to purchase retail electric energy for the members of the group if they live in a State where retail electric competition exists.

Section 103—Prior Implementation

Nothing in the Federal Power Act shall prohibit States from requiring retail electric competition prior to January 1, 2002.

A State requiring retail electric competition prior to January 1, 2002 and providing utilities with the opportunity to recover stranded costs is exempt from the Act's requirements related to retail competition and stranded costs.

A State may impose reciprocity requirements if it has provided for retail competition to prevent utilities that aren't subject to retail competition from selling power to retail customers in its state.

Section 104—State Regulation

States may impose requirements on retail electric energy suppliers to protect the public interest.

No class of potential retail electric energy suppliers can be excluded from selling retail electric energy.

States may continue to regulate local distribution and retail transmission service provided by retail electric energy providers.

Section 105—Retail Stranded Cost Recovery

An investor-owned utility providing retail electric service prior to the date of enactment which is seeking recovery of its stranded costs must request the State regulatory authority to determine the amount of its stranded costs associated with the implementation of retail electric competition.

If a State regulatory authority fails to determine the amount of stranded costs within 18 months of the request, FERC will determine the amount.

A municipal electric utility or a rural electric cooperative may determine the amount of its stranded costs.

A utility is entitled to recover its stranded costs from its customers pursuant to a nonbypassable Stranded Cost Recovery Charge.

A rural electric cooperative or municipal joint action agency that sells wholesale power to rural electric cooperative or municipal distribution companies may recover its stranded costs from the distribution companies.

No class of customers (such as a utility's residential customers) can be required to pay a Stranded Cost Recovery Charge in excess of its proportional responsibility for utility costs prior to the implementation of retail electric competition.

Customers served by utility companies operating in more than one state either directly or through an affiliate are only responsible for stranded costs arising from retail electric competition in the state they reside.

For purposes of determining stranded cost amounts, prior prudence determinations are binding.

Section 106—Wholesale Stranded Cost Recovery

FERC has sole jurisdiction to determine and provide for the recovery of the wholesale stranded costs associated with utilities subject to the Federal Power Act.

All of the states regulating utility subsidiaries of a multistate utility holding company may form a regional board to calculate the stranded costs of a wholesale electric supplier subsidiary of the holding company that does not sell any retail electric energy and to allocate such costs among the utility subsidiaries of the holding company.

If the regional board is not formed or if the members of the regional board fail to produce a consensus on either determination required of the board, FERC shall perform the board's responsibilities.

Once the wholesale subsidiary's stranded costs have been determined, the subsidiary is entitled to recover such costs from its affiliated utility companies in the manner allocated by the board or FERC and the utility companies are entitled to recover such costs from its customers.

Section 107—Lost Retail Benefits

A state may require a retail electric energy provider to compensate its customers for any increase in power costs resulting from the implementation of retail electric competition if the market value of the provider's generating assets increase and the provider sells power elsewhere due to the implementation of retail electric competition.

Section 108—Universal Service

A state may establish a Universal Service Program to ensure that all consumers have access to electric service at a just and reasonable rate.

If a state has not established a Universal Service Program prior to January 1, 2002, each retail electric energy provider located in that state is obligated to sell power to or purchase power on behalf of consumers that do not have sufficient access to competing retail electric energy suppliers.

The retail electric energy provider is entitled to just and reasonable compensation for the service performed.

States may impose a nonbypassable Universal Service Charge to help pay for the retail electric energy provider's compensation.

Section 109—Public Benefits

States may impose charges on retail electric energy consumers to fund public benefit programs (i.e. low-income and energy efficiency).

Section 110—Renewable Energy

Beginning of 2003, all retail electric energy suppliers are required to either (1) sell at least a minimum amount of renewable energy as part of the total amount of energy it sells or (2) purchase credits from retail electric energy suppliers that sell renewable energy in excess of the minimum requirements.

½ of one Renewable Energy Credit will be provided to retail electric energy suppliers selling power generated from a large hydroelectric facility (more than 80 MW). One Renewable Energy Credit will be provided to retail electric energy suppliers selling power generated at all other renewable electric facilities built prior to the date of enactment. Two Renewable Energy Credits will be provided to retail electric energy suppliers selling power generated at all other renewable electric facilities built subsequent to the date of enactment.

Retail electric energy suppliers are required to have Credits worth 5% of its generation beginning in 2003, 9% of its generation beginning in 2008 and 12% of its generation beginning in 2013.

The Bonneville Power Administration must use proceeds from the sale of Credits issued to it to repay the Administration's outstanding debt to the U.S. Treasury and the Washington Public Power supply System Bondholders.

Section 111—Determination of Local Distribution Facilities

A State regulatory authority may apply with FERC for a determination of whether a

particular facility constitutes a local distribution facility.

FERC will give the position of the State regulatory authority maximum practicable deference.

Section 112—Transmission

Within two years of the date of enactment FERC must establish transmission regions and designate an Independent System Operator (ISO) to manage and operate all of the transmission facilities in each region beginning on January 1, 2002.

The ISO can't be affiliated with any person owning transmission facilities in the region or any retail electric energy supplier selling retail electric energy in the region.

FERC is required to issue rules by January 1, 2001 applicable to its oversight of the ISO's to promote transmission reliability and efficiency and competition among retail and wholesale electric energy suppliers.

The Federal Power Act prohibition on FERC requiring transmission access for the purposes of retail wheeling is repealed on January 1, 2002 or at an earlier date for a particular retail wheeling request in a State that retail electric competition prior to January 1, 2002.

Section 113—Competitive Generation Markets

FERC's authority over utility mergers pursuant to the Federal Power Act is extended to electric utility mergers with natural gas utility companies.

FERC review of mergers must take into account the impact of a merger on competitive wholesale and retail electric generation markets.

FERC has authority to take actions necessary to prohibit retail electric energy suppliers and providers from using their control of resources to inhibit retail and wholesale electric competition.

Sectioin 114—Nuclear Decommissioning Costs

Utilities owning nuclear power plants prior to the date of enactment are entitled to recover costs to fund decommissioning of the plants from their customers pursuant to a non-bypassable charge.

Section 115—Right to Know

Each retail electric energy supplier must publicly disclose information on the types of fuel used to generate the electricity sold by the supplier.

Section 116—Exemption of Alaska and Hawaii

Title I does not apply to any transaction occurring in Alaska or Hawaii.

TITLE II—PUBLIC UTILITY HOLDING COMPANIES

Section 201—Repeal of PUHCA

PUHCA is repealed one year from the date of enactment of the Act.

Section 202—Exemption

Title II does not apply to federal or state agencies or foreign governmental authorities not operating in the U.S.

FERC may exempt anyone from any of the requirements of the Title if the Commission finds the particular regulation not relevant to public utility company rates and the affected States consent.

The provisions of the Title don't apply to a particular holding company when retail electric competition exists in the service territory of each utility subsidiary of the holding company.

Section 203—Federal Access to Books and Records

Each holding company and associate company of the holding company must make its books and records available to FERC.

Section 204—State Access to Books and Records

Each holding company and associate company of the holding company must make its books and records available to each State regulatory authority regulating a utility subsidiary of the holding company.

Section 205—Affiliate Transactions

FERC, with regard to wholesale rates and States, with regard to retail rates, have the authority to determine whether a public utility affiliate of a holding company may recover its costs associated with a non-power transaction with an affiliated company if such costs arose after the date of enactment.

State regulatory authorities have the authority to review the prudence of a utility's wholesale power purchases form non-affiliated sellers.

State regulatory authorities have the authority to review the prudence of a utility's wholesale power purchase from an affiliated seller in the same holding company system unless FERC has allocated the costs of the purchase among two or more utility subsidiaries of the holding company prior to the date of enactment and there is no subsequent reallocation.

Section 206—Clarification of Regulatory Authority

FERC, with regard to wholesale rates, and State regulatory authorities, with regard to retail rates, must explicitly consent, before a utility affiliate of a utility holding company can recover costs in rates that are not directly related to the provision of electric service to its customers.

Section 207—Effect on Other Regulation

State regulatory authorities can exercise their jurisdiction under otherwise applicable law to protect utility consumers.

Section 208—Enforcement

FERC has the same enforcement authority under this Title as it does under the Federal Power Act.

Section 209—Savings Provision

A person engaging in an activity it was legally entitled to engage in on the date of enactment may continue to be entitled to engage in the activity.

Section 210—Implementation

FERC must promulgate regulations to implement the Title within 6 months of the date of enactment.

Section 211—Resources

The SEC must transfer its books and records related to holding company regulation to the FERC.

TITLE III—PUBLIC UTILITY REGULATORY POLICIES ACT

Section 301—Definition

Section 302—Facilities

Section 210 of PURPA doesn't apply to facilities beginning commercial operation after the effective date of this Title unless the power purchase contract related to the facility was in effect on the effective date.

Section 303—Contracts

Public utilities are no longer required to enter into new purchase contracts under Section 210 of PURPA once there is retail electric competition in their service territories.

Section 304—Savings Clause

This Title does not affect existing power purchase contracts under PURPA.

Section 305—Effective Date

The effective date of this Title is January 1, 2002.

TITLE IV—ENVIRONMENTAL PROTECTION

Section 401—Study

EPA must submit a study to Congress by January 1, 2002, which examines the implications of wholesale and retail electric competition on the emission of pollutants and recommends changes to law, if any are necessary to protect public health and the environment.

TITLE V—BONNEVILLE POWER ADMINISTRATION

Section 501—Findings and Purposes

Section 502—Columbia River Fish and Wildlife Coordination and Governance

This section is reserved for future versions of the bill.

Section 503—Pacific Northwest Federal Transmission Access

BPA is subject to FERC's open access transmission requirements unless FERC determines it is not in the public interest or it would prevent BPA from paying its debt.

Section 504—Transition Cost Mechanism

FERC is required to develop a transition cost recovery mechanism for BPA if BPA makes a proposal.

Section 505—Independent System Operator Participation

BPA is not prohibited from participating in an Independent System Operator.

Section 506—Financial Obligations

The use of BPA's transmission facilities for competitive generation transmission shall not adversely affect BPA's ability to pay its debt.

Section 507—Prohibition on Retail Sales

BPA is prohibited from selling retail electric energy to customers that did not have a contract with BPA as of October 1, 1997.

Section 508—Clarification of Commission Authority

Pacific Northwest transmission rates can't be used to unreasonably deny transmission access.

Section 509—Repealed Statute

Section 6 of the Federal Columbia River Transmission System is repealed.

TITLE VI—TENNESSEE VALLEY AUTHORITY

Section 601—Competition in Service Territory

Beginning on January 1, 2002, TVA's retail and wholesale customers are permitted to purchase power from other sellers.

Section 602—Ability to Sell Electric Energy

Beginning on January 1, 2002, TVA may sell wholesale electric energy outside of its current service territory.

Section 603—Termination of Contracts

Any person that currently holds a wholesale or retail contract with TVA may cancel the contract with one year notice beginning on January 1, 2001.

Section 604—Rates for Electric Energy

TVA's Board of Directors will establish the rates for the sale and transmission of electric energy by TVA.

The rates must be sufficient to recover TVA's costs, including the payment of principal and interest on its bonds over a reasonable period.

FERC must review and approve the Board's rates if they are sufficient to ensure the repayment of TVA's legitimate, prudent and verifiable costs over a reasonable period of time and ensure the recovery of TVA's stranded retail and wholesale costs.

Section 605—Privatization Plan

TVA's Board of Directors must prepare a plan within two years of the date of enactment for selling its electric power program to private investors.

No action on the sale of TVA may occur without subsequent congressional actions.

Mr. GORTON. Mr. President, the Senator from Arkansas has eloquently and adequately described the bill which we are introducing jointly today. He is a leader in this field, and introduced the bill on this subject early this year. He and I, and the occupant of the Chair, have had the opportunity to go

through seven workshops on electric power marketing restructuring. During the course of this time, the Senator from Arkansas and I found that we thought very similarly in this field, and we are here together on the floor today to introduce a bill that modifies somewhat, but not in its general philosophy, the proposal that he introduced almost a year ago.

The goal that we set in this bill is to provide for competition for choice, and ultimately for lower prices for electric power consumers from the largest industry to the individual homeowner all across the 50 States of the United States. We set a deadline for that competition to exist on the 1st of January of the year 2002. We encourage States, several of which have already acted, to provide for their own free and open competition by allowing States that have met the general requirements of this bill before 2002 to do it in their own way—in the way in which their legislatures have decided or may have decided.

We cover, as the Senator from Arkansas pointed out, the legitimate stranded costs of utilities that have been required to build facilities, some of which may not be completely competitive in an entirely free and open market. We set up a system of independent system operators so that the entire transmission system of the United States will be free and open on equal terms to all potential competitors.

We encourage the increased use of renewable energy sources by requiring certain minimums increasing in three steps throughout the course of the next 15 years or so but providing credit for those who already have renewable resources—hydropower, solar power, and the other forms of renewable resources which exist at the present time and may exist in the future, and allow the sale of credit from those who already meet or exceed the renewable requirements of the bill—credits that they can sell to others.

Senator BUMPERS has been a true leader in this field, and I am honored and delighted to now join with him in what I believe is the first bipartisan approach to this subject, a bipartisan approach which is going to be absolutely essential to any success.

At the same time that he has been working with his constituents across the country, I have been listening to my own, and my privately owned and public utility districts, those that produce electricity and those that do not, and the wide range of other existing utilities or potential competitors in the Northwest.

I represent a State that already has very low power charges. We want to be a part of this process, not so that we can slow down the benefits to others—the entire American economy must and will benefit from this bill—but so that my constituents and consumers will benefit as well from the advent of competition. I am convinced that the outline of this bill does just exactly that.

We must deal with the peculiar challenges of the largest power marketing authority, the Bonneville Power Administration. We do so in a way that reflects the regional review sponsored by the four Governors of the four Pacific Northwest States during the course of last year. We also call in general terms for a more effective and broad-based management of the Columbia River State System, reflecting all of the multitude of uses of water in that system, and calling for a far more effective use of the billions of dollars that we are spending on salmon recovery.

So I believe for my own region that we can provide lower power costs, greater competition, better salmon recovery, and a more rational management of the Columbia-Snake River System.

I believe for the people of the United States as a whole that we can provide for lower power costs, a greater use of renewable energy, more competition, and a better America.

For those reasons, I am delighted to have been a part at this point of a joint operation with my friend from Arkansas.

Mr. BUMPERS addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. BUMPERS. Mr. President, I thank my distinguished colleague from Washington State for his eloquent remarks. I just wanted to say how honored I am to have him join me on this bill, and reiterate one other thing because Senator GORTON and I want to be totally honest to the people of this country as we go forward with this bill.

I think one thing that I must say is that, in my opinion, this $220 billion industry can cope with this bill—not only cope with it, but that industry, business, and the consumers of this country will all benefit from this, and the Nation will benefit because it is a global economy where we are competing so strenuously with the other nations of the world.

Electricity is such a big part of our producing industry, and the less they pay the more competitive we become. That ought to be a real incentive for the people of this body to look very seriously at this bill.

By Mr. MURKOWSKI:

S. 1402. A bill to amend the Social Security Act to establish a community health aide program for Alaskan communities that do not qualify for the Community Health Aide Program for Alaska operated through the Indian Health Service; to the Committee on Finance.

THE ALASKAN COMMUNITY HEALTH AIDE PROGRAM EXPANSION ACT OF 1997

Mr. MURKOWSKI. Mr. President, I am pleased to rise to introduce legislation relative to the benefits of community health aides. This particular legislation would be titled the Alaskan Community Health Aide Program Expansion Act of 1997. The purpose of the act would be to provide a link to health care for rural communities, primarily in my State.

The Alaskan Community Health Aide Program Expansion Act would enable the health aides to have access to rural, non-Native communities throughout Alaska. The act will authorize training and continuing education of Alaskans as community health aides to small communities that do not currently qualify for the Indian Health Services' Community Health Aide Program.

Mr. President, some 50 years ago, this unique system of community health aides was formed in my State. In the early 1940's, due to an extreme outbreak of tuberculosis across Alaska, volunteers were selected by local communities and trained as community health aides. These communities, of course, suffered from distance, extreme isolation. They were often located hundreds of miles from the nearest physician. And the community health aides, through radio contact to a distant hospital in the region, became the eyes, the ears and hands of a physician and administered life-saving medications to remote patients throughout the State.

Today, through the Indian Health Services, the aides reside in 176 Alaskan-Native communities, small isolated communities throughout our State—which if you spread Alaska across the United States, in a proportional map it would run from Canada to Mexico, from California to Florida. So we are talking about a big piece of real estate, Mr. President.

These aides, today, through telecommunications capability with physicians in Anchorage, Fairbanks, and other urban areas, provide health care, provide disease prevention throughout our State. The health aides are broadly acknowledged as the backbone of rural health delivery for Alaska's Native people.

However, Mr. President, there is a large void in Alaska's Community Health Aide Program. Approximately 50 of our local Alaskan communities do not have community health aides because the people who live there are non-Native, and thus they do not qualify for the service under current law.

In these 50, 51 communities, there is no physician, there is no other health care provider of any kind. Instead, these communities are served by public health care nurses who come and go on an itinerant basis. In other words, Mr. President, health care access in these communities is infrequent at best.

Often these non-Native communities are characterized by geographic isolation and cultural isolation, especially in areas such as the Russian communities of Nikolaevsk, Vosnesenda, Katchmaksel, and Rassdonla.

Most of these communities are completely unconnected by roads. Access is only available by airplane, boat, and sometimes snowmachine or dogsled. The needs of these communities is a daunting task.

The Community Health Aide Program Expansion Act would remedy this dilemma. For the first time in the history of our State, all communities and villages will have the opportunity to have health care available within a village. This legislation will enable the trained health aide to live within a community, teach basic disease prevention and health promotion, in other words, the basic skills for good health.

Mr. President, this legislation will enable affordable and consistent access to health care to all Alaskan communities.

I ask my colleagues to join in support of this legislation.

I ask unanimous consent that the text of this legislation be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1402

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Alaskan Community Health Aide Program Expansion Act of 1997''.

SEC. 2. FINDINGS.

Congress finds the following:

(1) Numerous communities in Alaska have no physicians or health care providers of any kind.

(2) While those communities are served by Alaskan public health nurses on an itinerant basis, Alaskan law prohibits those nurses from treating patients for individual health concerns.

(3) Physical and cultural isolation is so severe in those communities that private health care providers often opt not to serve those communities.

(4) Not enough Native Alaskans reside in such communities to warrant placement of a community health aide pursuant to the Community Health Aide Program for Alaska operated through the Indian Health Service.

SEC. 3. EXPANSION OF THE COMMUNITY HEALTH AIDE PROGRAM FOR ALASKA.

Part A of title XI of the Social Security Act (42 U.S.C. 1301–1320b–16), as amended by section 4321(c) of the Balanced Budget Act of 1997 (42 U.S.C. 1320b–16), is amended by adding at the end the following:

''ALASKAN COMMUNITY HEALTH AIDE PROGRAM

''SEC. 1147. Not later than October 1, 1998, the Secretary shall establish an Alaskan Community Health Aide Program (in this section referred to as the 'Program') under which the Secretary shall—

''(1) provide for the training of Alaskans as community health aides or community health practitioners;

''(2) use such aides or practitioners in the provision of health care, health promotion, and disease prevention services to Alaskans living in communities that do not qualify for the Community Health Aide Program for Alaska operated through the Indian Health Service and established under section 119 of the Indian Health Care Improvement Act (25 U.S.C. 1616l);

''(3) provide for the establishment of teleconferencing capacity in health clinics located in or near such communities for use by community health aides or community health practitioners;

''(4) using trainers accredited under the Program, provide a high standard of training to community health aides and community health practitioners to ensure that such aides and practitioners provide quality health care, health promotion, and disease prevention services to the Alaskan communities served by the Program;

''(5) develop a curriculum for the training of such aides and practitioners that—

''(A) combines education in the theory of health care with supervised practical experience in the provision of health care; and

''(B) provides instruction and practical experience in the provision of acute care, emergency care, health promotion, disease prevention, and the efficient and effective management of clinic pharmacies, supplies, equipment, and facilities;

''(6) establish and maintain a Community Health Aide Certification Board to certify as community health aides or community health practitioners individuals who have successfully completed the training described in paragraphs (4) and (5), or can demonstrate equivalent experience;

''(7) develop and maintain a system which identifies the needs of community health aides and community health practitioners for continuing education in the provision of health care, including the areas described in paragraph (5)(B), and develop programs that meet the needs for such continuing education;

''(8) develop and maintain a system that provides close supervision of community health aides and community health practitioners; and

''(9) develop a system under which the work of community health aides and community health practitioners is reviewed and evaluated to ensure the provision of quality health care, health promotion, and disease prevention services in accordance with this section.''.

By Mr. MURKOWSKI:

S. 1403. A bill to amend the National Historic Preservation Act for purposes of establishing a national historic lighthouse preservation program; to the Committee on Energy and Natural Resources.

THE NATIONAL HISTORIC LIGHTHOUSE PRESERVATION ACT OF 1997

Mr. MURKOWSKI. Mr. President, I rise today to introduce legislation to establish the historic lighthouse preservation bill. This legislation would amend the National Historic Preservation Act to establish a historic lighthouse preservation program within the Department of the Interior.

The legislation would direct the Secretary of the Interior and the Administrator of General Services to establish a process for conveying historic lighthouses which are around our coastal areas and Great Lakes when these lighthouses have been deemed to be in excess of Federal needs of the agency owning and operating the lighthouse.

For entities eligible to receive a historic lighthouse, it would be for the uses of educational, park, recreation, cultural, and historic preservation. And the agencies that would be included would be Federal or State agencies, local governments, nonprofit corporations, educational agencies, and community development organizations, and so forth.

There is no question that the historic lighthouses would be conveyed in a nonfee structure to selected entities which would have the obligation to maintain these historic structures and maintain their integrity.

The historic lighthouses would revert back to the United States if a property ceases to be used for education, park, recreation, cultural or historic preservation purposes, or failed to be maintained in compliance with the National Historic Preservation Act.

Mr. President, as I said, I rise today to introduce legislation that will establish a national historic light station program.

Lighthouses are among the most romantic reminders of our country's maritime heritage. Marking dangerous headlands, shoals, bars, and reefs, these structures played a vital role in indicating navigable waters and supporting this Nation's maritime transportation and commerce. These lighthouses served the needs of the early mariners who navigated by visual sightings on landmarks, coastal lights, and the heavens. Hundreds of lighthouses have been built along our sea coasts and on the Great Lakes, creating the world's most complex aids to navigation system. No other national lighthouse system compares with that of the United States in size and diversity of architectural and engineering types.

My legislation pays tribute to this legacy and establishes a process which will ensure the protection and maintenance of these historic lighthouses so that future generations of Americans will be able to appreciate these treasured landmarks.

The legislation authorizes the Secretary of the Department of the Interior, through the National Park Service, to establish a historic lighthouse preservation program. The Secretary is charged with collecting and sharing information on historic lighthouses; conducting educational programs to inform the public about the contribution to society of historic lighthouses; and maintaining an inventory of historic lighthouses.

A historic light station is defined as a lighthouse, and surrounding property, at least 50 years old, which has been evaluated for inclusion on the National Register of Historic Places, and included in the Secretary's listing of historic light stations.

Most important, the Secretary, in conjunction with the Administrator of General Services, is to establish a process for identifying, and selecting among eligible entities to which a historic lighthouse could be conveyed. Eligible entities will include Federal agencies, State agencies, local communities, nonprofit corporations, and educational and community development organizations financially able to maintain a historic lighthouse, including conformance with the National Historic Preservation Act. When a historic lighthouse has been deemed excess to the needs of the Federal agency which manages the lighthouse, the General Services Administration will convey it, for free, to a selected entity for education, park, recreation, cultural, and historic preservation purposes.

My legislation also recognizes the value of lighthouse friends groups. Often, these groups have spent significant time and resources on preserving the character of historic lighthouses only to have this work go to waste when the lighthouse is transferred out of Federal ownership. Under current General Services Administration regulations, these friends groups are last on the priority list to receive a surplus light station in spite of their efforts to protect it. My bill gives priority consideration to public entities who submit applications in which the public entity partners with a nonprofit friends group.

Everyone agrees that the historic character of these lighthouses needs to be maintained. But the cost of maintaining these historic structures is becoming increasingly high for Federal agencies in these times of tight budgetary constraints. These lighthouses were built in an age when they had to be manned continuously. Today's advanced technology makes it possible to build automated aids to navigation that do not require around-the-clock manning. This technology has made many of these historic lighthouses expensive anachronisms which Federal agencies must maintain even if they no longer use them as navigational aids.

My legislation ensures that the historic character of these lighthouses are maintained when the lighthouses are no longer needed by the Federal Government. When the historic lighthouse is conveyed out of Federal ownership, the entity which receives the lighthouse must maintain it in accordance with historic preservation laws and standards. A lighthouse would revert to the United States, at the option of the General Services Administration, if the lighthouse is not being used or maintained as required by the law.

In the event no government agency or nonprofit organization is approved to receive a historic lighthouse, it would be offered for sale by the General Services Administration. The proceeds from these sales would be transferred to the National Maritime Heritage Grant Program within the National Park Service. Congress established the National Maritime Heritage Grant Program in 1994 to provide grants for maritime heritage preservation and education projects. Unfortunately, funding for this program has been nonexistent so the proceeds from any historic lighthouse sales would help ensure the program's viability.

It is my intent to ensure that coastal towns, where a historic lighthouse is an integral part of the community, would receive a historic lighthouse when it is no longer needed by the Federal Government. These historic lighthouses could be used by the community as a local park, a community center, or a tourist bureau. It also would ensure that historic lighthouse friends groups or lighthouse preservation societies, which have voluntarily helped to maintain the historic character of the lighthouse, could receive an excess lighthouse.

Mr. President, I know firsthand the importance and allure of these historic lighthouses. When I was in the Coast Guard, I helped maintain lighthouses and other navigational aids. These lights were critical to safe maritime traffic and I took my responsibilities seriously knowing that lives were dependent on it.

By preserving historic lighthouses, we preserve a symbol of that era in American history when maritime traffic was the lifeblood of the Nation, tying isolated coastal towns through trade to distant ports around the world. Hundreds of historic lighthouses are owned by the Federal Government and many of these are difficult and expensive to maintain. This legislation provides a process to ensure that these historic lighthouses are maintained and publicly accessible.

I urge all my colleagues to support this legislation, and I ask unanimous consent that the text of the legislation be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1403

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the 'National Historic Lighthouse Preservation Act of 1997.'

SEC. 2. PRESERVATION OF HISTORIC LIGHT STATIONS.

Title III of the National Historic Preservation Act (16 U.S.C. 470w–470w–6) is amended by adding at the end the following new section:

"§ 308. Historic Lighthouse Preservation

''(a) IN GENERAL.—In order to provide a national historic light station program, the Secretary shall—

''(1) collect and disseminate information concerning historic light stations, including historic lighthouses and associated structures;

''(2) foster educational programs relating to the history, practice, and contribution to society of historic light stations;

''(3) sponsor or conduct research and study into the history of light stations;

''(4) maintain a listing of historic light stations; and

''(5) assess the effectiveness regarding the conveyance of historic light stations.

''(b) CONVEYANCE OF HISTORIC LIGHT STATIONS.—

''(1) Within one year of enactment, the Secretary and the Administrator of General Services (hereinafter Administrator) shall establish a process for identifying, and selecting, an eligible entity to which a historic light station could be conveyed for education, park, recreation, cultural and historic preservation purposes.

''(2) The Secretary shall review all applicants for the conveyance of a historic light station, when the historic light station has been identified as excess to the needs of the agency with administrative jurisdiction over the historic light station, and forward to the Administrator a single approved application for the conveyance of the historic light station. When selecting an eligible entity, the Secretary may consult with the State Historic Preservation Officer of the state in which the historic light station is located. A priority of consideration shall be afforded public entities that submit applications in which the public entity enters into a partnership with a nonprofit organization whose primary mission is historic light station preservation.

''(3) The Administrator shall convey, by quit claim deed, without consideration, all right, title, and interest of the United States in and to the historic light station, together with any related real property, subject to the conditions set forth in subsection (c) upon the Secretary's selection of an eligible entity. The conveyance of a historic light station under this section shall not be subject to the provisions of 42 U.S.C. 11301 *et seq.*

''(c) TERMS OF CONVEYANCE.—

''(1) The conveyance of a historic light station shall be made subject to any conditions as the Administrator considers necessary to ensure that—

''(A) the lights, antennas, sound signal, electronic navigation equipment, and associated light station equipment located on the property conveyed, which are active aids to navigation, shall continue to be operated and maintained by the United States for as long as needed for this purpose;

''(B) the eligible entity to which the historic light station is conveyed under this section shall not interfere or allow interference in any manner with aids to navigation without the express written permission of the head of the agency responsible for maintaining the aids to navigation;

''(C) there is reserved to the United States the right to relocate, replace, or add any aid to navigation or make any changes to the property conveyed under this section as may be necessary for navigation purposes;

''(D) the eligible entity to which the historic light station is conveyed under this section shall maintain the property in accordance with the National Historic Preservation Act of 1966, 16 U.S.C. 470–470x, the Secretary's Historic Preservation Standards, and other applicable laws; and

''(E) the United States shall have the right, at any time, to enter property conveyed under this section without notice for purposes of maintaining and inspecting aids to navigation and ensuring compliance with paragraph (C), to the extent that it is not possible to provide advance notice.

''(2) The Secretary, the Administrator, and any eligible entity to which a historic light station is conveyed under this section, shall not be required to maintain any active aids to navigation associated with a historic light station.

''(3) In addition to any term or condition established pursuant to this subsection, the conveyance of a historic light station shall include a condition that the property in its existing condition, at the option of the Administrator, revert to the United States if—

''(A) the property or any part of the property ceases to be available for education, park, recreation, cultural, and historic preservation purposes for the general public at reasonable times and under reasonable conditions which shall be set forth in the eligible entity's application;

''(B) the property or any part of the property ceases to be maintained in a manner that ensures its present or future use as an aid to navigation or compliance with the National Historic Preservation Act. 16 U.S.C. 470–470x, the Secretary's Historic Preservation Standards, and other applicable laws; or

''(C) at least 30 days before the reversion, the Administrator provides written notice to the owner that the property is needed for national security purposes.

''(d) DESCRIPTION OF PROPERTY.—The legal description of any historic light station, and any real property and improvements associated therewith, conveyed under this section

shall be determined by the Administrator. The Administrator may retain all right, title, and interest of the United States in and to any historical artifact, including any lens or lantern, that is associated with the historical light station whether located at the light station or elsewhere.

''(e) RESPONSIBILITIES OF CONVEYEES.—Each eligible entity to which a historic light station is conveyed under this section shall use and maintain the light station in accordance with this section, and have such terms and conditions recorded with the deed of title to the light station and any real property conveyed therewith.

''(f) DEFINITIONS.—For purposes of this section:

''(1) HISTORIC LIGHT STATION.—The term 'historic light station' includes the light tower, lighthouse, keepers dwelling, garages, storage sheds, support structures, piers, walkways, and underlying land; provided that the light tower or lighthouse shall be—

''(A) at least 50 years old;

''(B) evaluated for inclusion in the National Register of Historic Places; and

''(C) included on the Secretary's listing of historic light stations.

''(2) ELIGIBLE ENTITY.—The term 'eligible entity' shall mean any department or agency of the Federal government, any department or agency of the state in which the historic light station is located, the local government of the community in which the historic light station is located, nonprofit corporation, educational agency, or community development organization that—

''(A) has agreed to comply with the conditions set forth in subsection (c) and to have those conditions recorded in the conveyance documents to the light station and any real property and improvements that may be conveyed therewith;

''(B) is financially able to maintain the light station (and any real property and improvements conveyed therewith) in accordance with the conditions set forth in subsection (c); and

''(C) can indemnity the Federal government to cover any loss in connection with the light station and any real property and improvements that may be conveyed therewith, or any expenses incurred due to reversion.

SEC. 3. SALE OF SURPLUS LIGHT STATIONS.

Title III of the National Historic Preservation Act (16 U.S.C. 470w–470w–6) is amended by adding at the end the following new section:

''§ 309. Historic Light Station Sales

''In the event no applicants are approved for the conveyance of a historic light station pursuant to section 308, the historic light station shall be offered for sale. Terms of such sales shall be developed by the Administrator of General Services. Conveyance documents shall include all necessary convenants to protect the historical integrity of the site. Net sale proceeds shall be transferred to the National Maritime Heritage Grant Program, established by the National Maritime Heritage Act of 1994, Public Law 103–451, within the Department of the Interior.

SEC. 4. TRANSFER OF HISTORIC LIGHT STATIONS TO FEDERAL AGENCIES.

Title III of the National Historic Preservation Act of 1966, 16 U.S.C. 470–470x, is amended by adding at the end the following new section:

''§310. Transfer of Historic Light Stations to Federal Agencies

''After the date of enactment, any department or agency of the Federal government, to which a historic light station is conveyed, shall maintain the historic light station in accordance with the National Historic Preservation Act of 1966, 16 U.S.C. 470–470x, the Secretary's Historic Preservation Standards, and other applicable laws.

SEC. 5. FUNDING.

There are hereby authorized to be appropriated to the Secretary of the Interior such sums as may be necessary to carry out this Act.

By Mr. BROWNBACK (for himself, Mr. MOYNIHAN, Mr. THOMPSON, and Mr. KERREY):

S. 1404. A bill to establish a Federal Commission on Statistical Policy to study the reorganization of the Federal statistical system, to provide uniform safeguards for the confidentiality of information acquired for exclusively statistical purposes, and to improve the efficiency of Federal statistical programs and the quality of Federal statistics by permitting limited sharing of records among designated agencies for statistical purposes under strong safeguards; to the Committee on Governmental Affairs.

THE FEDERAL STATISTICAL SYSTEM ACT OF 1997

Mr. MOYNIHAN. Mr. President, I join my distinguished colleagues, Senator SAM BROWNBACK of Kansas, Senator FRED THOMPSON of Tennessee, and Senator BOB KERREY of Nebraska, in introducing legislation to establish a commission to study the Federal statistical system. Congressman STEPHEN HORN of California and Congresswoman CAROLYN MALONEY of New York plan on introducing identical legislation in the House of Representatives. This legislation is similar to bills I introduced in September 1996, and again at the beginning of this Congress.

The commission to study the Federal statistical system would consist of 15 Presidential and congressional appointees with expertise in fields such as actuarial science, finance, and economics. Its members would conduct a thorough review of the U.S. statistical system, and issue a report including recommendations on whether statistical agencies should be consolidated.

Of course, we have an example of a consolidated statistical agency just across the northern border. Statistics Canada, the most centralized statistical agency among OECD countries, was established in November, 1918 as a reaction to a familiar problem. At that time, the Canadian Minister of Industry was trying to obtain an estimate of the manpower resources that Canada could commit to the war effort. And he got widely different estimates from statistical agencies scattered throughout the government. Consolidation seemed the way to solve this problem, and so it happened—as it can in a parliamentary government—rather quickly, just as World War I ended.

Last spring, a member of my staff met in Ottawa with the Assistant Chief Statistician of Statistics Canada. He reported that Statistics Canada is doing quite well. Decisions about the allocation of resources among statistical functions are made at the highest levels of government because the Chief Statistician of Statistics Canada holds a position equivalent to Deputy Cabinet Minister. He communicates directly with Deputy Ministers in other Cabinet Departments. In contrast, in the United States, statistical agencies are buried several levels below the Cabinet Secretaries, so it is difficult for the heads of these statistical agencies to bring issues to the attention of high-ranking administration officials and Congress.

Statistics are part of our constitutional arrangement, which provides for a decennial census that, among other purposes, is the basis for apportionment of membership in the House of Representatives. I quote from article I, section I:

> . . . enumeration shall be made within three Years after the first meeting of the Congress of the United States, and within ever subsequent Term of ten Years, in such Manner as they shall by Law direct.

But, while the Constitution directed that there be a census, there was, initially, no Census Bureau. The earliest censuses were conducted by U.S. Marshals. Later on, statistical bureaus in State governments collected the data, with a Superintendent of the Census overseeing from Washington. It was not until 1902 that a permanent Bureau of the Census was created by the Congress, housed initially in the Interior Department. In 1903 the Bureau was transferred to the newly established Department of Commerce and Labor.

The Statistics of Income Division of the Internal Revenue Service, which was originally an independent body, began collecting data in 1866. It too was transferred to the new Department of Commerce and Labor in 1903, but then was put in the Treasury Department in 1913 following ratification of the 16th amendment, which gave Congress the power to impose an income tax.

A Bureau of Labor, created in 1884, was also initially in the Interior Department. The first Commissioner, appointed in 1885, was Col. Carroll D. Wright, a distinguished Civil War veteran of the New Hampshire Volunteers. A self-trained social scientist, Colonel Wright pioneered techniques for collecting and analyzing survey data on income, prices, and wages. He had previously served as chief of the Massachusetts Bureau of Statistics, a post he held for 15 years, and in that capacity had supervised the 1880 Federal Census in Massachusetts.

In 1888, the Bureau of Labor became an independent agency. In 1903, it was once again made a bureau, joining other statistical agencies in the Department of Commerce and Labor. When a new Department of Labor was formed in 1913, giving labor an independent voice—as labor was removed from the Department of Commerce and Labor—what we now know as the Bureau of Labor Statistics was transferred the newly created Department of Labor.

And so it went. Statistical agencies sprung up as needed. And they moved back and forth as new executive departments were formed. Today, some 89

different organizations in the Federal Government comprise parts of our national statistical infrastructure. Eleven of these organizations have as their primary function the generation of data. These 11 organizations are:

Agency	Department	Date established
National Agricultural Statistical Service.	Agriculture	1863
Statistics of Income Division, IRS.	Treasury	1866
Economic Research Service	Agriculture	1867
National Center for Education Statistics.	Education	1867
Bureau of Labor Statistics	Labor	1884
Bureau of the Census	Commerce	1902
Bureau of Economic Analysis	Commerce	1912
National Center for Health Statistics.	Health and Human Services	1912
Bureau of Justice Statistics	Justice	1968
Energy Information Administration.	Energy	1974
Bureau of Transportation Statistics.	Transportation	1991

NEED FOR LEGISLATION

President Kennedy once said:

Democracy is a difficult kind of government. It requires the highest qualities of self-discipline, restraint, a willingness to make commitments and sacrifices for the general interest, and also it requires knowledge.

That knowledge often comes from accurate statistics. You cannot begin to solve a problem until you can measure it.

This legislation would require the Commission to conduct a comprehensive examination of the current statistical system and focus particularly on whether three agencies that produce data as their primary product—the Bureau of Economic Analysis [BEA] and the Bureau of the Census in the Commerce Department, and the Bureau of Labor Statistics [BLS] in the Labor Department—should be consolidated into a Federal statistical service.

In September 1996, prior to when I first introduced a bill establishing a commission to study the U.S. statistical system, I received a letter from nine former chairmen of the Council of Economic Advisers [CEA] endorsing this legislation. Excluding two recent chairs, who at that time were still serving in the Clinton administration, the signatories include virtually every living former chair of the CEA. While acknowledging that the United States possesses a first-class statistical system, these former chairmen remind us that problems periodically arise under the current system of widely scattered responsibilities. They conclude as follows:

Without at all prejudging the appropriate measures to deal with these difficult problems, we believe that a thoroughgoing review by a highly qualified and bipartisan Commission as provided in your bill has great promise of showing the way to major improvements.

The letter is signed by Michael J. Boskin, Martin Feldstein, Alan Greenspan, Paul W. McCracken, Raymond J. Saulnier, Charles L. Schultze, Beryl W. Sprinkel, Herbert Stein, and Murray Weidenbaum. I ask unanimous consent that the full text of this letter be printed in the RECORD following my statement.

It happens that this Senator's association with the statistical system in the executive branch began over three decades ago. I was Assistant Secretary of Labor for Policy and Planning in the administration of President John F. Kennedy. This was a new position in which I was nominally responsible for the Bureau of Labor Statistics. I say nominally out of respect for the independence of that venerable institution, which as I noted earlier long predated the Department of Labor itself. The then-Commissioner of the BLS, Ewan Clague, could not have been more friendly and supportive. And so were the statisticians, who undertook to teach me to the extent I was teachable. They even shared professional confidences. And so it was that I came to have some familiarity with the field.

For example, we had just received a report on price indexes from a committee led by a Nobel laureate, George Stigler. The committee stressed the importance of accurate and timely statistics noting that:

The periodic revision of price indexes, and the almost continuous alterations in details of their calculation, are essential if the indexes are to serve their primary function of measuring the average movements of prices.

While the final report of the Advisory Commission to Study the Consumer Index, the Boskin Commission, focused primarily on the extent to which changes in the CPI overstate inflation, the commission also addressed issues related to the effectiveness of Federal statistical programs and recommended that:

Congress should enact the legislation necessary for the Department of Commerce and Labor to share information in the interest of improving accuracy and timeliness of economic statistics and to reduce the resources consumed in their development and production.

And last week, we were again reminded of the importance of accurate and timely government statistics. The front page of the Wall Street Journal carried this headline on Tuesday October 29: ''An Extra $46 Billion in Treasury's Coffers Puzzles Washington''.

No one knows for sure the answer to this puzzle. Surely though, a changing economy which produces more and more services—which are harder to measure the value of than the goods it replaces—needs a top to bottom review of its statistical infrastructure. For if the public loses confidence in our statistics, they are likely to lose confidence in our policies as well.

There is, of course, a long history of attempts to reform our Nation's statistical infrastructure. From the period 1903 to 1990, 16 different committees, commissions, and study groups have convened to assess our statistical infrastructure, but in most cases little or no action has been taken on their recommendations. The result of this inaction has been an ever expanding statistical system. It continues to grow in order to meet new data needs, but with little or no regard for the overall objectives of the system. Janet L. Norwood, former Commissioner of the BLS, writes in her book ''Organizing to Count'':

The U.S. system has neither the advantages that come from centralization nor the efficiency that comes from strong coordination in decentralization. As presently organized, therefore, the country's statistical system will be hard pressed to meet the demands of a technologically advanced, increasingly internationalized world in which the demand for objective data of high quality is steadily rising.

In this era of Government downsizing and budget cutting, it is unlikely that Congress will appropriate more funds for statistical agencies. It is clear that to preserve and improve the statistical system we must consider reforming it, yet we must not attempt to reform the system until we have heard from experts in the field.

SUMMARY OF LEGISLATION

The legislation establishes a commission to study the Federal statistical system. The commission would consist of 15 members. Two—the Chief Statistician of the Office of Management and Budget and a high-level government official—serve ex officio on the commission. The high-level official, selected by the President from among Cabinet officers, the Chairman of the Board of Governors of the Federal Reserve, the Comptroller General, or the Chairman of the Council of Economic Advisers—will serve as chairman.

The other 13 members of the commission will be appointed as follows: Five by the President, no more than three of whom are to be from the same political party, four by the President pro tempore of the Senate, no more than two of whom are to be from the same political party, and four by the Speaker of the House, no more than two of whom are to be from the same political party.

In an initial 18-month period, the commission would determine whether and how to consolidate the Federal statistical system, and would also make recommendations with respect to ways to achieve greater efficiency in carrying out Federal statistical programs. If the commission recommends consolidation of the Bureau of Labor Statistics, the Bureau of the Census, and the Bureau of Economic Analysis into a newly established independent Federal agency, designated as the Federal Statistical Service, the commission's report would contain draft legislation incorporating such recommendations. The legislation would then be considered by the Congress under fast-track procedures.

If legislation establishing a Federal statistical service is enacted by the Congress, the commission then would become a permanent body that would:

Make recommendations for nominations for the appointment of an Administrator and Deputy Administrator of the Federal Statistical Service; serve

as an advisory body to the Federal Statistical Service on confidentiality issues; and conduct comprehensive studies, and submit reports to Congress on all matters relating to the Federal statistical infrastructure, including:

An examination of the methodology involved in producing official data; a review of information technology and recommendations of appropriate methods for disseminating statistical data; and a comparison of our statistical system with the systems of other nations.

This legislation is only a first step, but an essential one. The commission will provide Congress with the blueprint for reform. It will be up to us to finally take action after nearly a century of inattention to this very important issue.

By Mr. SHELBY (for himself, Mr. MACK, Mr. FAIRCLOTH, Mr. D'AMATO, Mr. BRYAN, Mr. GRAMS, Mr. KERRY, Mr. BENNETT, Mr. GRAMM, Mr. HAGEL, Mr. ALLARD, Mr. ENZI, and Ms. MOSELEY-BRAUN):

S. 1405. A bill to amend titles 17 and 18, United States Code, to provide greater copyright protection by amending copyright infringement provisions, and for other purposes; to the Committee on the Judiciary.

THE FINANCIAL REGULATORY RELIEF AND ECONOMIC EFFICIENCY ACT OF 1997

Mr. SHELBY. Mr. President, I rise today to introduce a bipartisan bill with my colleague from Florida, Senator CONNIE MACK, and 11 other original cosponsors from the Banking Committee. Entitled the ''Financial Regulatory Relief and Economic Efficiency Act of 1997,'' the bill is designed to promote greater access to capital and credit for businesses and consumers, while ensuring the safety and soundness of our financial system.

The acronym for the bill, FRREE, is actually indicative of the bill itself. If enacted, the bill would free valuable resources at financial institutions now being used to comply with the bureaucratic maze of current rules and regulations, and instead allow institutions to commit more of those resources to the business of lending. This is especially important, now that we are entering the 80th month of the current economic expansion. The 9 completed expansions since the end of World War II have averaged 50 months. Thus, many professional economists, businessmen, and academics worry how much longer the expansion of the current business cycle can go. Because this bill frees up resources that are inefficiently being used in the private sector, I believe this bill could have a substantial positive impact on extending the current business cycle as well as minimize any future economic downturn.

One key provision would repeal an antiquated law that disallows banks to pay interest on business checking accounts. Due to sophisticated and expensive technology, big corporations can get around this problem by employing sweep accounts. However, smaller, family owned businesses cannot take advantage of this expensive technology and are forced to keep their money in noninterest bearing checking accounts. The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision, concluded in their 1996 Joint Report, ''Streamlining of Regulatory Requirements,'' that the statutory prohibition against paying interest on demand deposits no longer serves a public purpose. Today, the repeal also has the support of the Chamber of Commerce, the National Federation of Independent Business, and the American Farm Bureau Federation.

The bill also allows the Federal Reserve to pay interest on reserve balances, thus reducing potential volatility in short-term lending rates. Given the historical importance of price stability, it is imperative we give the Federal Reserve this tool in order to better conduct monetary policy.

In short, Mr. President, the bill repeals outdated laws that hinder the management practices of institutions; cuts bureaucratic red tape; eliminates unnecessary bookkeeping; increases funds available for residential mortgage lending; and eliminates unnecessary restrictions on the discounting, and bundling of financial services to consumers.

The bill enjoys the overwhelming support of the Senate Banking Committee and the chairman of the committee, Chairman D'AMATO, is committed to having hearings on this bill when we return early next year.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1405

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Financial Regulatory Relief and Economic Efficiency Act of 1997''.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

TITLE I—IMPROVING MONETARY POLICY AND FINANCIAL INSTITUTION MANAGEMENT PRACTICES

SEC. 101. PAYMENT OF INTEREST ON RESERVES AT FEDERAL RESERVE BANKS.

(a) IN GENERAL.—Section 19(b) of the Federal Reserve Act (12 U.S.C. 461(b)) is amended

by adding at the end the following new paragraph:

''(12) EARNINGS ON RESERVES.—

''(A) IN GENERAL.—Balances maintained at a Federal reserve bank by or on behalf of a depository institution to meet the reserve requirements of this subsection applicable with respect to such depository institution may receive earnings to be paid by the Federal reserve bank at least once each calendar quarter at a rate or rates not to exceed the general level of short-term interest rates.

''(B) REGULATIONS RELATING TO PAYMENTS AND DISTRIBUTION.—The Board may prescribe regulations concerning—

''(i) the payment of earnings in accordance with this paragraph;

''(ii) the distribution of such earnings to the depository institutions which maintain balances at such banks or on whose behalf such balances are maintained; and

''(iii) the responsibilities of depository institutions, Federal home loan banks, and the National Credit Union Administration Central Liquidity Facility with respect to the crediting and distribution of earnings attributable to balances maintained, in accordance with subsection (c)(1)(B), in a Federal reserve bank by any such entity on behalf of depository institutions which are not member banks.''.

(b) AUTHORIZATION FOR PASS THROUGH RESERVES FOR MEMBER BANKS.—Section 19(c)(1)(B) of the Federal Reserve Act (12 U.S.C. 461(c)(1)(B)) is amended by striking ''which is not a member bank''.

(c) TECHNICAL AND CONFORMING AMENDMENTS.—Section 19 of the Federal Reserve Act (12 U.S.C. 461) is amended—

(1) in subsection (b)(4) (12 U.S.C. 461(b)(4)), by striking subparagraph (C) and redesignating subparagraphs (D) and (E) as subparagraphs (C) and (D), respectively; and

(2) in subsection (c)(1)(A) (12 U.S.C. 461(c)(1)(A)), by striking ''subsection (b)(4)(C)'' and inserting ''subsection (b)''.

SEC. 102. AMENDMENTS RELATING TO SAVINGS AND DEMAND DEPOSIT ACCOUNTS AT DEPOSITORY INSTITUTIONS.

(a) NOW ACCOUNTS AUTHORIZED FOR ALL BUSINESSES.—Section 2 of Public Law 93–100 (12 U.S.C. 1832) is amended to read as follows:

''SEC. 2. WITHDRAWALS BY NEGOTIABLE OR TRANSFERABLE INSTRUMENTS FOR TRANSFERS TO THIRD PARTIES.

''Notwithstanding any other provision of law, any depository institution (as defined in section 3 of the Federal Deposit Insurance Act) may permit the owner of any deposit or account to make withdrawals from such deposit or account by negotiable or transferable instruments for the purpose of making payments to third parties.''.

(b) REPEAL OF PROHIBITIONS ON PAYMENT OF INTEREST ON DEMAND DEPOSITS.—

(1) FEDERAL RESERVE ACT.—Section 19 of the Federal Reserve Act (12 U.S.C. 371a) is amended by striking subsection (i).

(2) HOME OWNERS' LOAN ACT.—The first sentence of section 5(b)(1)(B) of the Home Owners' Loan Act (12 U.S.C. 1464(b)(1)(B)) is amended by striking ''savings association may not—'' and all that follows through ''(ii) permit any'' and inserting ''savings association may not permit any''.

(3) FEDERAL DEPOSIT INSURANCE ACT.—Section 18 of the Federal Deposit Insurance Act (12 U.S.C. 1828) is amended by striking subsection (g).

SEC. 103. REPEAL OF SAVINGS ASSOCIATION LIQUIDITY PROVISION.

(a) REPEAL OF LIQUIDITY PROVISION.—Section 6 of the Home Owners' Loan Act (12 U.S.C. 1465) is repealed.

(b) CONFORMING AMENDMENTS.—

(1) SECTION 5.—Section 5(c)(1)(M) of the Home Owners' Loan Act (12 U.S.C. 1464(c)(1)(M)) is amended to read as follows:

''(M) LIQUIDITY INVESTMENTS.—Investments identified by the Director, including cash, funds on deposit at a Federal reserve bank or a Federal home loan bank, or bankers' acceptances.''.

(2) SECTION 10.—Section 10(m)(4)(B)(iii) of the Home Owners' Loan Act (12 U.S.C. 1467a(m)(4)(B)(iii)) is amended by striking ''liquid assets'' and all that follows through ''Loan Act,'' and inserting ''cash and marketable securities identified by the Director,''.

SEC. 104. REPEAL OF DIVIDEND NOTICE REQUIREMENT.

Section 10(f) of the Home Owners' Loan Act (12 U.S.C. 1467a(f)) is amended to read as follows:

''(f) [Reserved].''.

SEC. 105. THRIFT SERVICE COMPANIES.

(a) STREAMLINING THRIFT SERVICE COMPANY INVESTMENT REQUIREMENTS.—Section 5(c)(4)(B) of the Home Owners' Loan Act (12 U.S.C. 1464(c)(4)(B)) is amended—

(1) in the subparagraph heading, by striking ''CORPORATIONS'' and inserting ''COMPANIES''; and

(2) in the first sentence, by striking ''corporation organized'' and all that follows through ''such State.'' and inserting ''company, if such company engages or will engage only in activities reasonably related to the activities of financial institutions, as the Director may determine and approve. For purposes of this subparagraph, the term 'company' includes any corporation and any limited liability company (as defined in section 1(b)(7) of the Bank Service Company Act).''.

(b) REGULATION AND EXAMINATION OF SERVICE PROVIDERS.—Section 5(d) of the Home Owners' Loan Act (12 U.S.C. 1464(d)) is amended by adding at the end the following new paragraphs:

''(7) REGULATION AND EXAMINATION OF SAVINGS ASSOCIATION SERVICE COMPANIES.—

''(A) SERVICE PERFORMED BY CONTRACT OR OTHERWISE.—If a savings association, subsidiary, or any savings and loan affiliate or entity, as identified by section 8(b)(9) of the Federal Deposit Insurance Act, that is regularly examined or subject to examination by the Director, causes to be performed for itself, by contract or otherwise, any services authorized under this Act or other applicable Federal law, whether on or off its premises—

''(i) such performance shall be subject to regulation and examination by the Director to the same extent as if such services were being performed by the savings association on its own premises;

''(ii) the Director may authorize any other Federal banking agency (as defined in section 3 of the Federal Deposit Insurance Act) that supervises such subsidiary, savings and loan affiliate, or entity to perform an examination referred to in clause (i); and

''(iii) the savings association shall notify the Director of the existence of the service relationship not later than 30 days after the earlier of the date of the making of such service contract or the date of initiation of the service.

''(B) ADMINISTRATION BY THE DIRECTOR.—The Director may issue such regulations and orders, including those issued pursuant to section 8 of the Federal Deposit Insurance Act, as may be necessary to enable the Director to administer and carry out this paragraph and to prevent evasion of this paragraph.''.

(c) CONFORMING AMENDMENTS TO SECTION 8 OF THE FEDERAL DEPOSIT INSURANCE ACT.—Section 8 of the Federal Deposit Insurance Act (12 U.S.C. 1818) is amended—

(1) in subsection (b)(9), by striking ''to any service corporation of a savings association and to any subsidiary of such service corporation''; and

(2) in subsection (e)(7)(A)(ii), by striking ''(b)(8)'' and inserting ''(b)(9)''.

SEC. 106. ELIMINATION OF THRIFT MULTISTATE MULTIPLE HOLDING COMPANY RESTRICTIONS.

Section 10(e) of the Home Owners' Loan Act (12 U.S.C. 1467a(e)) is amended—

(1) by striking paragraph (3); and

(2) by redesignating paragraphs (4), (5), and (6) as paragraphs (3), (4), and (5), respectively.

SEC. 107. NONCONTROLLING INVESTMENTS BY SAVINGS ASSOCIATION HOLDING COMPANIES.

Section 10(e)(1)(A)(iii) of the Home Owners' Loan Act (12 U.S.C. 1467a(e)(1)(A)(iii)) is amended—

(1) by inserting '', except with the prior approval of the Director,'' after ''or to retain''; and

(2) by striking ''to so acquire or retain'' and inserting ''to acquire, by purchase or otherwise, or to retain''.

SEC. 108. REPEAL OF DEPOSIT BROKER NOTIFICATION AND RECORDKEEPING REQUIREMENT.

Section 29A of the Federal Deposit Insurance Act (12 U.S.C. 1831f–1) is repealed.

SEC. 109. UNIFORM REGULATION OF EXTENSIONS OF CREDIT TO EXECUTIVE OFFICERS.

Section 22(g)(4) of the Federal Reserve Act (12 U.S.C. 375a(4)) is amended by striking ''member bank's appropriate Federal banking agency'' and inserting ''Board''.

SEC. 110. EXPEDITED PROCEDURES FOR CERTAIN REORGANIZATIONS.

The National Bank Consolidation and Merger Act (12 U.S.C. 215 et seq.) is amended—

(1) by redesignating section 5 as section 7; and

(2) by inserting after section 4 the following new section:

''SEC. 5. EXPEDITED PROCEDURES FOR CERTAIN REORGANIZATIONS.

''(a) IN GENERAL.—A national banking association may, with the approval of the Comptroller, pursuant to rules and regulations promulgated by the Comptroller, and upon the affirmative vote of the shareholders of such association owning at least two-thirds of its capital stock outstanding, reorganize so as to become a subsidiary of a bank holding company or a company that will, upon consummation of such reorganization, become a bank holding company.

''(b) REORGANIZATION PLAN.—A reorganization authorized under subsection (a) shall be carried out in accordance with a reorganization plan that—

''(1) specifies the manner in which the reorganization shall be carried out;

''(2) is approved by a majority of the entire board of directors of the association;

''(3) specifies—

''(A) the amount of cash or securities of the bank holding company, or both, or other consideration, to be paid to the shareholders of the reorganizing association in exchange for their shares of stock of the association;

''(B) the date as of which the rights of each shareholder to participate in such exchange will be determined; and

''(C) the manner in which the exchange will be carried out; and

''(4) is submitted to the shareholders of the reorganizing association at a meeting to be held on the call of the directors in accordance with the procedures prescribed in connection with a merger of a national bank under section 3.

''(c) RIGHTS OF DISSENTING SHAREHOLDERS.—If, pursuant to this section, a reorganization plan has been approved by the shareholders and the Comptroller, any shareholder of the association who has voted

against the reorganization at the meeting referred to in subsection (b)(4), or has given notice in writing at or prior to that meeting to the presiding officer that the shareholder dissents from the reorganization plan, shall be entitled to receive the value of his or her shares, as provided by section 3 for the merger of a national bank.

''(d) EFFECT OF REORGANIZATION.—The corporate existence of an association that reorganizes in accordance with this section shall not be deemed to have been affected in any way by reason of such reorganization.''.

SEC. 111. NATIONAL BANK DIRECTORS.

(a) AMENDMENTS TO THE REVISED STATUTES.—Section 5145 of the Revised Statutes (12 U.S.C. 71) is amended—

(1) by striking ''for one year'' and inserting ''for a period of not more than 3 years,''; and

(2) by adding at the end the following: ''In accordance with regulations issued by the Comptroller of the Currency, an association may adopt bylaws that provide for staggering the terms of its directors.''.

(b) AMENDMENT TO THE BANKING ACT OF 1933.—Section 31 of the Banking Act of 1933 (12 U.S.C. 71a) is amended in the first sentence, by inserting before the period '', except that the Comptroller of the Currency may, by regulation or order, exempt a national banking association from the 25-member limit established by this section''.

SEC. 112. AMENDMENT TO BANK CONSOLIDATION AND MERGER ACT.

The National Bank Consolidation and Merger Act (12 U.S.C. 215 et seq.) is amended by inserting after section 5, as added by section 110 of this Act, the following new section:

''SEC. 6. MERGERS AND CONSOLIDATIONS WITH SUBSIDIARIES AND NONBANK AFFILIATES.

''(a) IN GENERAL.—Upon the approval of the Comptroller, a national banking association may merge with 1 or more of its subsidiaries or nonbank affiliates.

''(b) SCOPE.—Nothing in this section shall be construed—

''(1) to affect the applicability of section 18(c)(1) of the Federal Deposit Insurance Act; or

''(2) to grant a national banking association any power or authority that is not permissible for a national banking association under other applicable provisions of law.

''(c) REGULATIONS.—The Comptroller shall promulgate regulations to implement this section.''.

SEC. 113. LOANS ON OR PURCHASES BY INSTITUTIONS OF THEIR OWN STOCK; AFFILIATIONS.

(a) AMENDMENT TO REVISED STATUTES.—Section 5201 of the Revised Statutes of the United States (12 U.S.C. 83) is amended to read as follows:

''SEC. 5201. LOANS BY BANK ON ITS OWN STOCK.

''(a) GENERAL PROHIBITION.—No national banking association shall make any loan or discount on the security of the shares of its own capital stock.

''(b) EXCLUSION.—For purposes of this section, an association shall not be deemed to be making a loan or discount on the security of the shares of its own capital stock if it acquires the stock to prevent loss upon a debt contracted for in good faith before the date of the loan or discount transaction.''.

(b) AMENDMENT TO FEDERAL DEPOSIT INSURANCE ACT.—Section 18 of the Federal Deposit Insurance Act (12 U.S.C. 1828) is amended by adding at the end the following new subsection:

''(t) LOANS BY INSURED INSTITUTIONS ON THEIR OWN STOCK.—

''(1) GENERAL PROHIBITION.—No insured depository institution shall make any loan or discount on the security of the shares of its own capital stock.

''(2) EXCLUSION.—For purposes of this subsection, an insured depository institution shall not be deemed to be making a loan or discount on the security of the shares of its own capital stock if it acquires the stock to prevent loss upon a debt contracted for in good faith before the date of the loan or discount transaction.''.

(c) REMOVAL OF PROHIBITION ON CERTAIN AFFILIATIONS.—Section 18(s)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1828(s)) is amended by striking ''be an affiliate of,''.

SEC. 114. DEPOSITORY INSTITUTION MANAGEMENT INTERLOCKS.

Section 205(8) of the Depository Institution Management Interlocks Act (12 U.S.C. 3204(8)) is amended by striking ''director'' each place it appears and inserting ''management official''.

SEC. 115. PURCHASED MORTGAGE SERVICING RIGHTS.

Section 475(a) of the Federal Deposit Insurance Corporation Improvement Act of 1991 (12 U.S.C. 1828 note) is amended—

(1) by striking ''purchased'';

(2) by striking ''rights'' each place it appears and inserting ''assets''; and

(3) by striking ''90'' and inserting ''100''.

SEC. 116. CROSS MARKETING RESTRICTION; LIMITED PURPOSE BANK RELIEF.

(a) CROSS MARKETING RESTRICTION.—Section 4(f) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(f)) is amended by striking paragraph (3).

(b) DAYLIGHT OVERDRAFTS.—Section 4(f) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(f)) is amended by inserting after paragraph (2) the following:

''(3) PERMISSIBLE OVERDRAFTS DESCRIBED.—For purposes of paragraph (2)(C), an overdraft is described in this paragraph if—

''(A) such overdraft results from an inadvertent computer or accounting error that is beyond the control of both the bank and the affiliate;

''(B) such overdraft—

''(i) is permitted or incurred on behalf of an affiliate that is monitored by, reports to, and is recognized as a primary dealer by the Federal Reserve Bank of New York; and

''(ii) is fully secured, as required by the Board, by bonds, notes, or other obligations that are direct obligations of the United States or on which the principal and interest are fully guaranteed by the United States or by securities and obligations eligible for settlement on the Federal Reserve book entry system; or

''(C) such overdraft—

''(i) is permitted or incurred by, or on behalf of, an affiliate that is engaged in activities that are so closely related to banking, or managing or controlling banks, as to be a proper incident thereto; and

''(ii) does not cause the bank to violate any provision of section 23A or 23B of the Federal Reserve Act, either directly, in the case of a bank that is a member of the Federal Reserve System, or by virtue of section 18(j) of the Federal Deposit Insurance Act, in the case of a bank that is not a member of the Federal Reserve System.''.

(c) CONFORMING AMENDMENT.—Section 4(f)(2) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(f)(2)) is amended by striking ''Paragraph (1) shall cease to apply to any company described in such paragraph if—'' and inserting ''Subject to paragraph (3), a company described in paragraph (1) shall no longer qualify for the exemption provided under that paragraph if—''.

(d) ACTIVITIES LIMITATIONS.—Section 4(f)(2) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(f)(2)) is amended by striking subparagraph (B) and inserting the following:

''(B) any bank subsidiary of such company engages in any activity in which the bank was not lawfully engaged as of March 5, 1987;

''(C) any bank subsidiary of such company that—

''(i) accepts demand deposits or deposits that the depositor may withdraw by check or similar means for payment to third parties; and

''(ii) engages in the business of making commercial loans (and, for purposes of this clause, loans made in the ordinary course of a credit card operation shall not be treated as commercial loans); or

''(D) after the date of enactment of the Competitive Equality Amendments of 1987, any bank subsidiary of such company permits any overdraft (including any intraday overdraft), or incurs any such overdraft in the account of the bank at a Federal reserve bank, on behalf of an affiliate, other than an overdraft described in paragraph (3).''.

SEC. 117. DIVESTITURE REQUIREMENT.

(a) IN GENERAL.—Section 4(f)(4) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(f)(4)) is amended to read as follows:

''(4) DIVESTITURE IN CASE OF LOSS OF EXEMPTION.—If any company described in paragraph (1) fails to qualify for the exemption provided under such paragraph by operation of paragraph (2), such exemption shall cease to apply to such company and such company shall divest control of each bank it controls before the end of the 180-day period beginning on the date that the company receives notice from the Board that the company has failed to continue to qualify for such exemption, unless before the end of such 180-day period, the company has—

''(A) either—

''(i) corrected the condition or ceased the activity that caused the company to fail to continue to qualify for the exemption; or

''(ii) submitted a plan to the Board for approval to cease the activity or correct the condition in a timely manner (which shall not exceed 1 year); and

''(B) implemented procedures that are reasonably adapted to avoid the reoccurrence of such condition or activity.''.

(b) TECHNICAL AND CONFORMING AMENDMENT.—Section 4(f)(2) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(f)(2)) is amended by striking ''Paragraph (1) shall cease to apply to any company described in such paragraph if—'' and inserting ''A company described in paragraph (1) shall no longer qualify for the exemption provided under such paragraph if—''.

SEC. 118. DAYLIGHT OVERDRAFTS INCURRED BY FEDERAL HOME LOAN BANKS.

The Federal Reserve Act (12 U.S.C. 221 et seq.) is amended by inserting after section 11A the following new section:

''SEC. 11B. DAYLIGHT OVERDRAFTS INCURRED BY FEDERAL HOME LOAN BANKS.

''(a) IN GENERAL.—Any policy or regulation adopted by the Board governing payment system risk or intraday credit shall—

''(1) include—

''(A) the establishment of net debit caps appropriate to the credit quality of each Federal Home Loan Bank; and

''(B) the imposition of normal fees for daylight overdrafts, calculated in the same manner as fees for other users; or

''(2) exempt Federal Home Loan Banks from such policy or regulation.

''(b) DEFINITION.—For purposes of this section, the term 'Federal Home Loan Bank' has the same meaning as in section 2 of the Federal Home Loan Bank Act.''.

SEC. 119. FEDERAL HOME LOAN BANK GOVERNANCE AMENDMENTS.

The Federal Home Loan Bank Act (12 U.S.C. 1421 et seq.) is amended—

(1) in section 7(i) (12 U.S.C. 1427(i)), by striking '', subject to the approval of the board'';

(2) in section 12(a) (12 U.S.C. 1432(a))—

(A) by striking '', but, except'' and all that follows through ''ten years'';

(B) by striking ''and by its board of directors'' and all that follows through ''enjoyed subject to the approval of the Board'' and inserting ''and, by its board of directors, to prescribe, amend, and repeal bylaws governing the manner in which its affairs may be administered, consistent with this Act''; and

(C) by adding at the end the following: ''A Federal home loan bank shall not be required to submit to the board of directors of the bank for its approval, budget or business plans, including annual operating and capital budgets, strategic plans, or business plans.'';

(3) in section 9 (12 U.S.C. 1429)—

(A) in the second sentence, by striking ''with the approval of the Board''; and

(B) in the third sentence, by striking '', subject to the approval of the Board,'';

(4) in section 10(a)(5) (12 U.S.C. 1430(a)(5))—

(A) by striking ''and the Board''; and

(B) by striking ''by the Board'' and inserting ''by the Federal home loan bank''.

(5) in section 10(c) (12 U.S.C. 1430(c)), by striking ''Board'' and inserting ''Federal home loan bank'';

(6) in section 10(d) (12 U.S.C. 1430(d))—

(A) by striking ''and the approval of the Board''; and

(B) by striking ''Subject to the approval of the Board, any'' and inserting ''Any''; and

(7) in section 16(a) (12 U.S.C. 1436(a)), by striking '', and then only with the approval of the Federal Housing Finance Board''.

SEC. 120. COLLATERALIZATION OF ADVANCES TO MEMBERS.

Section 10(a) of the Federal Home Loan Bank Act (12 U.S.C. 1430(a)) is amended—

(1) by striking paragraph (1) and inserting the following:

''(1) Fully disbursed, whole first mortgages on improved residential property that are not more than 90 days delinquent, mortgages on improved residential property insured or guaranteed by the United States Government or any agency thereof, or securities representing a whole interest in such mortgages.''; and

(2) in paragraph (4), by striking ''If an advance'' and all that follows through ''is appropriate.''.

TITLE II—STREAMLINING ACTIVITIES OF INSTITUTIONS

SEC. 201. UPDATING OF AUTHORITY FOR COMMUNITY DEVELOPMENT INVESTMENTS.

Section 5(c)(3)(A) of the Home Owners' Loan Act (12 U.S.C. 1464(c)(3)(A)) is amended by striking ''located'' and all that follows through ''1974'' and inserting ''for the primary purpose of promoting the public welfare, including the welfare of low- and moderate-income communities or families (including the provision of housing, services, or jobs)''.

SEC. 202. ACCEPTANCE OF BROKERED DEPOSITS.

Section 29 of the Federal Deposit Insurance Act (12 U.S.C. 1831f) is amended—

(1) by striking subsections (e) and (h);

(2) by redesignating subsections (f) through (g) as subsections (e) through (f), respectively;

(3) in subsection (f), as redesignated, by striking paragraph (3) and redesignating paragraph (4) as paragraph (3); and

(4) by adding at the end the following new subsection:

''(g) DEPOSIT SOLICITATIONS RESTRICTED.—

''(1) IN GENERAL.—An insured depository institution may not solicit deposits by offering rates of interest that are significantly higher than the national rate of interest on insured deposits, as established by the Corporation, if—

''(A) the institution is undercapitalized or adequately capitalized, as those terms are defined in section 38; or

''(B) the Corporation has been appointed conservator for the institution.

''(2) EXCLUSION.—Paragraph (1) does not apply to an insured depository institution that is well capitalized, as defined in section 38.''.

SEC. 203. FEDERAL RESERVE ACT LENDING LIMITS.

Section 11 of the Federal Reserve Act (12 U.S.C. 248) is amended—

(1) by striking subsection (m); and

(2) by redesignating subsection (o) as subsection (m).

SEC. 204. ELIMINATE UNNECESSARY RESTRICTIONS ON PRODUCT MARKETING.

Section 106(b) of the Bank Holding Company Act Amendments of 1970 (12 U.S.C. 1972) is amended—

(1) by striking paragraph (1);

(2) in paragraph (2)—

(A) by striking ''(2)''; and

(B) by redesignating subparagraphs (A) through (I) as paragraphs (1) through (9), respectively;

(3) in paragraph (6), as redesignated—

(A) by redesignating clauses (i) through (ix) as subparagraphs (A) through (I), respectively;

(B) by striking ''clause (i)'' each place it appears and inserting ''subparagraph (A)'';

(C) in subparagraph (B), as redesignated—

(i) by redesignating subclauses (I) and (II) as clauses (i) and (ii), respectively;

(ii) by striking ''(aa)'' each place it appears and inserting ''(I)'';

(iii) by striking ''(bb)'' each place it appears and inserting ''(II)''; and

(iv) by striking ''(cc)'' each place it appears and inserting ''(III)'';

(D) in subparagraph (C), as redesignated—

(i) by striking ''clauses (i) and (ii)'' and inserting ''subparagraphs (A) and (B)'';

(ii) by redesignating subclauses (I) and (II) as clauses (i) and (ii), respectively;

(iii) in clause (i), as redesignated, by redesignating items (aa) through (cc) as subclauses (I) through (III), respectively; and

(iv) by striking ''clause (iv)'' and inserting ''subparagraph (D)'';

(E) in subparagraph (D), as redesignated—

(i) by striking ''clause (iii)'' each place it appears and inserting ''subparagraph (C)'';

(ii) by redesignating subclauses (I) and (II) as clauses (i) and (ii), respectively:

(iii) by striking ''(aa)'' and inserting ''(I)''; and

(iv) by striking ''(bb)'' and inserting ''(II)''; and

(F) in subparagraph (E), as redesignated—

(i) by striking ''(ii) or (iii)'' and inserting ''(B), or (C)''; and

(ii) by redesignating subclauses (I) through (III) as clauses (i) through (iii), respectively;

(4) in paragraph (7), as redesignated—

(A) by redesignating clauses (i) and (ii) as subparagraphs (A) and (B), respectively; and

(B) in subparagraph (A), as redesignated—

(i) by redesignating paragraphs (1) through (4) as clauses (i) through (iv), respectively;

(ii) by striking ''(a)'' each place it appears and inserting ''(I)'';

(iii) by striking ''(b)'' each place it appears and inserting ''(II)''; and

(iv) by striking ''(c)'' each place it appears and inserting ''(III)'';

(5) by striking ''this paragraph'' each place it appears and inserting ''this subsection''; and

(6) by striking ''this subparagraph'' each place it appears and inserting ''this paragraph''.

SEC. 205. BUSINESS PURPOSE CREDIT EXTENSIONS.

Section 4 of the Bank Holding Company Act of 1956 (12 U.S.C. 1843) is amended by adding at the end the following new subsection:

''(k) BUSINESS PURPOSE CREDIT EXTENSIONS.—

''(1) IN GENERAL.—An institution referred to in section 2(c)(2)(F) or 4(f)(3) may engage in the provision of credit card accounts for business purposes, including the issuance of such accounts to small businesses.

''(2) DEFINITION.—For purposes of this subsection, the term 'credit card' has the same meaning as in section 103 of the Truth In Lending Act (15 U.S.C. 1602).''.

SEC. 206. AFFINITY GROUPS.

(a) DEFINITIONS.—For purposes of this section—

(1) the term ''affinity group'' means any person, other than an individual, that—

(A) is established for a common objective or purpose;

(B) is not established by 1 or more settlement service providers for the principal purpose of endorsing the products or services of a settlement service provider;

(C) the common objective or purpose of which is not principally the conduct of settlement services; and

(D) does not consist of member organizations whose principal business is providing settlement services; and

(2) the terms ''person'', ''settlement services'', and ''thing of value'' have the meanings given those terms in section 3 of the Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2602).

(b) MARKETING MODERNIZATION.—Notwithstanding any other provision of law, it shall not be unlawful to make a payment or otherwise transfer any thing of value to an affinity group for or in connection with an endorsement (written or oral), either through an advertisement or through a communication addressed to a consumer by name or by mailing address, of the products or services of a settlement service provider, if disclosure is clearly made at the time of the first written communication with the consumer of the fact that a payment has been made or may be made or any other thing of value may accrue to the affinity group for the endorsement.

SEC. 207. FAIR DEBT COLLECTION PRACTICES.

(a) EXEMPTION FOR COMMUNICATIONS INVOLVING LEGAL PROCEEDINGS.—Section 803 of the Fair Debt Collection Practices Act (15 U.S.C. 1692a) is amended—

(1) in paragraph (2)—

(A) by striking ''communication' means the'' and inserting the following: ''communication'—

''(A) means the''; and

(B) by striking the period at the end and inserting the following: ''; and

''(B) does not include communications made pursuant to the Federal Rules of Civil Procedure, in the case of a proceeding in a State court, the rules of civil procedure available under the laws of that State, or a nonjudicial foreclosure proceeding.''; and

(2) in paragraph (5)—

(A) by striking ''debt' means any'' and inserting the following: ''debt'—

''(A) means any'';

(B) by striking the period at the end and inserting the following: ''; and

''(B) does not include a draft drawn on a bank for a sum certain, payable on demand and signed by the maker.''.

(b) COLLECTION ACTIVITY FOLLOWING INITIAL NOTICE.—Section 809 of the Fair Debt Collection Practices Act (15 U.S.C. 1692(g)) is amended by adding at the end the following new subsection:

''(d) CONTINUATION DURING PERIOD.—Collection activities and communications may continue during the 30-day period described in subsection (a) unless the consumer requests the cessation of such activities.''.

(c) DEFINITION OF ''COMMUNICATION''.—Section 803 of the Fair Debt Collection Practices Act (15 U.S.C. 1692a) is amended—

(1) by striking ''title—'' and inserting ''title, the following definitions shall apply:''; and

(2) in paragraph (2)—

(A) by striking ''term 'communication' means'' and inserting ''term 'communication'—

''(A) means'';

(B) by striking the period at the end and inserting ''; and

''(B) does not include any communication made or action taken to collect on loans made, insured, or guaranteed under the Higher Education Act of 1965.''.

SEC. 208. RESTRICTION ON ACQUISITIONS OF OTHER INSURED DEPOSITORY INSTITUTIONS.

Section 4(f)(12) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(f)(12)) is amended—

(1) in subparagraph (A), by striking ''or'' at the end;

(2) in subparagraph (B), by striking the period at the end and inserting ''; or''; and

(3) by adding at the end the following new subparagraph:

''(C) in an acquisition in which the insured institution has been found to be undercapitalized by the appropriate Federal or State authority.''.

SEC. 209. MUTUAL HOLDING COMPANIES.

Section 10(o) of the Home Owners' Loan Act (12 U.S.C. 1467a(o)) is amended—

(1) by striking paragraph (1) and inserting the following:

''(1) REORGANIZATION.—A savings association operating in mutual form may reorganize so as to become a holding company—

''(A) by chartering a savings association, the stock of which is to be wholly owned, except as otherwise provided in this section, directly or indirectly by the mutual association and by transferring the substantial part of its assets and liabilities, by merger or otherwise, including all of its insured liabilities, to the interim savings association;

''(B) by converting to a stock association charter and simultaneously forming a subsidiary stock holding company that owns 100 percent of the voting stock of the converting association; or

''(C) in any other manner approved by the Director, including by the formation of a subsidiary stock holding company, transferring assets and liabilities by merger or otherwise to the subsidiary stock holding company, or through the use of one or more interim institutions.'';

(2) in paragraph (3)(D)—

(A) by striking ''savings association'' and inserting ''the mutual holding company or subsidiary stock holding company'';

(B) by striking ''such capital'' and inserting ''the capital of the association'';

(C) by striking ''association's''; and

(D) by inserting ''of the association'' before ''established'';

(3) in paragraph (5)—

(A) by inserting ''or subsidiary stock holding company'' before ''may engage'';

(B) in subparagraph (A)—

(i) by inserting ''or acquiring'' after ''Investing in''; and

(ii) by inserting '', savings bank, or bank'' before the period; and

(C) in subparagraph (C), by inserting ''or bank'' before the period;

(4) by striking paragraph (7) and inserting the following:

''(7) CHARTERING AND REGULATION.—

''(A) IN GENERAL.—A mutual holding company shall be chartered by the Director, and a subsidiary stock holding company may be chartered under State law, and such holding companies shall be subject to such regulations as the Director may prescribe. Unless the context otherwise requires, a mutual holding company shall be subject to the other requirements of this section regarding regulation of holding companies.

''(B) CONVERSION TO STATE CHARTER.—A mutual holding company organized pursuant to paragraph (1) may convert its charter to a State mutual holding company charter.

''(C) CONVERSION TO FEDERAL CHARTER.—Notwithstanding any other provision of Federal law, a mutual holding company organized under State law may convert its State mutual holding company charter to a Federal mutual holding company charter.'';

(5) in paragraph (8)—

(A) in subparagraph (A), by inserting ''or subsidiary stock holding company'' after ''company''; and

(B) by striking subparagraph (B) and inserting the following:

''(B) ISSUANCE OF SHARES.—This section shall not prohibit a savings association or subsidiary stock holding company chartered as part of a transaction described in paragraph (1) from—

''(i) issuing any nonvoting shares or less than 50 percent of the voting share of such association or subsidiary stock holding company to any person other than the mutual holding company;

''(ii) issuing all of the voting shares of such association to a subsidiary stock holding company, if more than 50 percent of the voting shares of the subsidiary stock holding company are owned by the mutual holding company; and

''(iii) issuing to any person other than the mutual holding company, in connection with the formation of the mutual holding company or at a later date, a separate class of voting shares, the rights and preferences of which are identical to those of the class of voting shares issued to the mutual holding company, except with respect to the payment of dividends.

''(C) MUTUAL SAVINGS ASSOCIATION.—In the case of a mutual savings association in which holders of accounts or obligors exercise voting rights, such holders of accounts or obligors shall have the right to subscribe on a priority basis for voting shares of the subsidiary stock holding company or savings association chartered pursuant to paragraph (1), pursuant to regulations of the Director, but only with respect to the voting shares issued in connection with the initial reorganization pursuant to paragraph (1). The priority subscription rights applicable to voting shares issued to the mutual holding company in connection with the initial reorganization pursuant to paragraph (1) shall be exercisable at such time as the shares are subsequently sold by the subsidiary savings association or subsidiary stock holding company.'';

(6) in paragraph (9)(A)(i)(I), by inserting '', directly or indirectly,'' after ''owned''; and

(7) in paragraph (10)—

(A) by striking ''subsection—'' and inserting ''subsection, the following definitions shall apply:''; and

(B) by adding at the end the following:

''(D) SUBSIDIARY STOCK HOLDING COMPANY.—The term 'subsidiary stock holding company' means a stock holding company organized under applicable State law, that is wholly-owned, except as otherwise provided in this section, by the mutual holding company.''.

SEC. 210. CALL REPORT SIMPLIFICATION.

(a) MODERNIZATION OF CALL REPORT FILING AND DISCLOSURE SYSTEM.—In order to reduce the administrative requirements pertaining to bank reports of condition, savings association financial reports, and bank holding company consolidated and parent-only financial statements, and to improve the timeliness of such reports and statements, the Federal banking agencies shall—

(1) work jointly to develop a system under which—

(A) insured depository institutions and their affiliates may file such reports and statements electronically; and

(B) the Federal banking agencies may make such reports and statements available to the public electronically; and

(2) not later than 1 year after the date of enactment of this Act, report to the Congress and make recommendations for legislation that would enhance efficiency for filers and users of such reports and statements.

(b) UNIFORM REPORTS AND SIMPLIFICATION OF INSTRUCTIONS.—The Federal banking agencies shall, consistent with the principles of safety and soundness, work jointly—

(1) to adopt a single form for the filing of core information required to be submitted under Federal law to all such agencies in the reports and statements referred to in subsection (a); and

(2) to simplify instructions accompanying such reports and statements and to provide an index to the instructions that is adequate to meet the needs of both filers and users.

(c) REVIEW OF CALL REPORT SCHEDULE.—Each Federal banking agency shall—

(1) review the information required by schedules supplementing the core information referred to in subsection (b); and

(2) eliminate requirements that are not warranted for reasons of safety and soundness or other public purposes.

TITLE III—STREAMLINING AGENCY ACTIONS

SEC. 301. SCHEDULED MEETINGS OF AFFORDABLE HOUSING ADVISORY BOARD.

Section 14(b)(6)(A) of the Resolution Trust Corporation Completion Act (12 U.S.C. 1831q note) is amended—

(1) by striking ''4 times a year, or more frequently if requested'' and inserting ''2 times a year, or as requested''; and

(2) by striking ''In each year'' and all that follows through ''located.''.

SEC. 302. ELIMINATION OF DUPLICATIVE DISCLOSURE OF FAIR MARKET VALUE OF ASSETS AND LIABILITIES.

Section 37(a)(3) of the Federal Deposit Insurance Act (12 U.S.C. 1831n(a)(3)) is amended by striking subparagraph (D).

SEC. 303. PAYMENT OF INTEREST IN RECEIVERSHIPS WITH SURPLUS FUNDS.

Section 11(d)(10) of the Federal Deposit Insurance Act (12 U.S.C. 1821(d)(10)) is amended by adding at the end the following new subparagraph:

''(C) RULEMAKING AUTHORITY OF CORPORATION.—The Corporation may prescribe such rules, including definitions of terms, as it deems appropriate to establish the interest rate for or to make payments of postinsolvency interest to creditors holding proven claims against the receivership estates of insured Federal or State depository institutions following satisfaction by the receiver of the principal amount of all creditor claims.''.

SEC. 304. REPEAL OF REPORTING REQUIREMENT ON DIFFERENCES IN ACCOUNTING STANDARDS.

Section 37 of the Federal Deposit Insurance Act (12 U.S.C. 1831n) is amended by striking subsection (c).

SEC. 305. AGENCY REVIEW OF COMPETITIVE FACTORS IN BANK MERGER ACT FILINGS.

(a) REPORT REQUIRED.—Section 18(c)(4) of the Federal Deposit Insurance Act (12 U.S.C. 1828(c)(4)) is amended by striking ''request reports'' and all that follows through the end of the paragraph and inserting the following: ''request a report on the competitive factors involved from the Attorney General. The report shall be furnished not later than 30 calendar days after the date on which it is requested, or not later than 10 calendar days

after such date if the requesting agency advises the Attorney General that an emergency exists requiring expeditious action.''.

(b) TIMING OF TRANSACTION.—Section 18(c)(6) of the Federal Deposit Insurance Act (12 U.S.C. 1828(c)(6)) is amended by striking the third sentence and inserting the following: ''If the agency has advised the Attorney General of the existence of an emergency requiring expeditious action and has requested a report on the competitive factors within 10 days, the transaction may not be consummated before the fifth calendar day after the date of approval by the agency.''.

(c) EVALUATION OF COMPETITIVE EFFECT.—

(1) AMENDMENTS TO BANK HOLDING COMPANY ACT OF 1956.—Section 3(c) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(c)) is amended—

(A) by adding at the end the following new paragraph:

''(6) EVALUATION OF COMPETITIVE EFFECT.—The Board may not disapprove of a transaction pursuant to paragraph (1)(B) unless the Board takes into account—

''(A) competition from institutions, other than depository institutions (as defined in section 3 of the Federal Deposit Insurance Act), that provide financial services;

''(B) efficiencies and cost savings that the transaction may create;

''(C) deposits of the participants in the transaction that are not derived from the relevant market;

''(D) the capacity of savings associations to make small business loans;

''(E) lending by institutions other than depository institutions to small businesses; and

''(F) such other factors as the Board deems relevant.''; and

(B) in paragraph (1), by striking ''restraint or trade'' and inserting ''restraint of trade''.

(2) AMENDMENTS TO FEDERAL DEPOSIT INSURANCE ACT.—Section 18(c)(5) of the Federal Deposit Insurance Act (12 U.S.C. 1828(c)(5)) is amended—

(A) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively;

(B) by inserting ''(A)'' after ''(5)'';

(C) by striking ''In every case'' and inserting the following:

''(B) In every case under this subsection''; and

(D) by adding at the end the following:

''(C) The responsible agency may not disapprove of a transaction pursuant to subparagraph (A), unless the agency takes into account—

''(i) competition from institutions that provide financial services;

''(ii) efficiencies and cost savings that the transaction may create;

''(iii) deposits of the participants in the transaction that are not derived from the relevant markets;

''(iv) the capacity of the institutions to make small business loans;

''(v) lending by institutions other than depository institutions to small businesses; and

''(vi) such other factors as the responsible agency deems relevant.''.

SEC. 306. TERMINATION OF THE THRIFT DEPOSITOR PROTECTION OVERSIGHT BOARD.

(a) IN GENERAL.—Effective 3 months after the date of enactment of this Act, the Thrift Depositor Protection Oversight Board established under section 21A of the Federal Home Loan Bank Act (hereafter in this section referred to as the ''Board'') is terminated.

(b) DISPOSITION OF AFFAIRS.—

(1) IN GENERAL.—Effective on the date of enactment of this Act, the Chairman of the Board (or the designee of the Chairman) may exercise on behalf of the Board any power of the Board necessary to settle and conclude the affairs of the Board.

(2) AVAILABILITY OF FUNDS.—Funds available to the Board shall be available to the Chairman of the Board to pay expenses incurred in carrying out paragraph (1).

(c) SAVINGS PROVISION.—

(1) EXISTING RIGHTS, DUTIES, AND OBLIGATIONS NOT AFFECTED.—Nothing in this Act affects the validity of any right, duty, or obligation of the United States, the Board, the Resolution Trust Corporation, or any other person, that—

(A) arises under or pursuant to the Federal Home Loan Bank Act, or any other provision of law applicable with respect to the Board; and

(B) existed on the day before the effective date of the termination of the Board under this Act.

(2) CONTINUATION OF SUITS.—No action or other proceeding commenced by or against the Board with respect to any function of the Board shall abate by reason of the enactment of this Act.

(3) LIABILITIES.—All liabilities arising out of the operation of the Board during the period beginning on August 9, 1989, and ending on the date that is 3 months after the date of enactment of this Act shall remain the direct liabilities of the United States. The Secretary of the Treasury shall not be substituted for the Board as a party to any such action or proceeding.

(4) CONTINUATIONS OF ORDERS, RESOLUTIONS, DETERMINATIONS, AND REGULATIONS PERTAINING TO THE RESOLUTION FUNDING CORPORATION.—

(A) IN GENERAL.—Each order, resolution, determination, and regulation regarding the Resolution Funding Corporation shall continue in effect according to its terms until modified, terminated, set aside, or superseded in accordance with applicable law, if such order, resolution, determination, or regulation—

(i) was issued, made, and prescribed, or allowed to become effective by the Board or by a court of competent jurisdiction, in the performance of functions transferred by this Act; and

(ii) is in effect on the date that is 3 months after the date of enactment of this Act.

(B) ENFORCEABILITY.—All orders, resolutions, determinations, and regulations pertaining to the Resolution Funding Corporation are enforceable by and against—

(i) the United States prior to the effective date of the transfer of responsibilities to the Secretary of the Treasury under this Act; and

(ii) the Secretary of the Treasury on and after the effective date of the transfer of responsibilities to the Secretary of the Treasury under this Act.

(d) TRANSFER OF CERTAIN RESOLUTION FUNDING CORPORATION RESPONSIBILITIES TO SECRETARY OF TREASURY.—Effective 3 months after the date of enactment of this Act, the authorities and duties of the Board under sections 21A(a)(6)(I) and 21B of the Federal Home Loan Bank Act are transferred to the Secretary of the Treasury (or the designee of the Secretary).

(e) MEMBERSHIP OF THE AFFORDABLE HOUSING ADVISORY BOARD.—Effective on the date of enactment of this Act, section 14(b)(2) of the Resolution Trust Corporation Completion Act (12 U.S.C. 1831q note) is amended by striking subparagraph (C) and redesignating subparagraphs (D) and (E) as subparagraphs (C) and (D), respectively.

TITLE IV—DISCLOSURE SIMPLIFICATION

SEC. 401. ALTERNATIVE COMPLIANCE METHOD FOR APR DISCLOSURE.

Section 127A(a)(2)(G) of the Truth in Lending Act (15 U.S.C. 1637a(a)(2)(G)) is amended by inserting before the semicolon ''or, at the option of the creditor, a statement that the periodic payments may increase or decrease substantially''.

SEC. 402. ALTERNATIVE COMPLIANCE METHODS FOR ADVERTISING CREDIT TERMS.

(a) DOWNPAYMENT AMOUNTS.—Section 144(d) of the Truth in Lending Act (15 U.S.C. 1664(d)) is amended—

(1) by striking ''or the number of installments or the period of repayment, then''; and

(2) by inserting ''or'' before ''the dollar''.

(b) ALTERNATIVE DISCLOSURES.—Chapter 3 of the Truth in Lending Act (15 U.S.C. 1661 et seq.) is amended by adding at the end the following new section:

''SEC. 148. ALTERNATIVE DISCLOSURES.

''(a) IN GENERAL.—A radio or television advertisement to aid, promote, or assist, directly or indirectly, any extension of consumer credit may satisfy the disclosure requirements in sections 143, 144(d), 147(a), or 147(e), by complying with all of the requirements in subsections (b) and (c) of this section.

''(b) INFORMATION TO BE DISCLOSED.—A radio or television advertisement referred to in subsection (a) complies with this subsection if it clearly and conspicuously sets forth, in such form and manner as the Board may require—

''(1) the annual percentage rate of any finance charge, and with respect to an open-end credit plan, the simple interest rate or the periodic rate in addition to the annual percentage rate;

''(2) whether the interest rate may vary;

''(3) if the advertisement states an introductory rate (or states with respect to a variable-rate plan an initial rate that is not based on the index and margin used to make later rate adjustments)—

''(A) with equal prominence, the annual percentage rate that will be in effect after the introductory or initial rate period expires (or for a variable-rate plan, a reasonably current annual percentage rate that would have been in effect using the index and margin); and

''(B) the period during which the introductory or initial rate will remain in effect;

''(4) the amount of any annual fee for an open-end credit plan;

''(5) a telephone number established in accordance with subsection (c) that may be used by consumers to obtain all of the information otherwise required to be disclosed pursuant to sections 143 and 144(d), and subsections (a) and (e) of section 147; and

''(6) a statement that the consumer may use the telephone number established in accordance with subsection (c) to obtain further details about additional terms and costs associated with the offer of credit.

''(c) REQUIREMENTS FOR TELEPHONE NUMBERS.—In the case of an advertisement described in subsection (b) that refers to a telephone number—

''(1) the creditor shall establish the telephone number for a broadcast area not later than the date on which the advertisement is first broadcast in that area;

''(2) the required information shall be available by telephone for a broadcast area for a period of not less than 10 days following the date of the final broadcast of the advertisement in that area;

''(3) the creditor shall provide all of the information that is otherwise required pursuant to sections 143 and 144(d), and subsections (a) and (e) of section 147 orally by telephone or, if requested by the consumer, in written form; and

''(4) the consumer shall obtain the required information by telephone without incurring any long-distance charges.''.

TITLE V—MISCELLANEOUS

SEC. 501. POSITIONS OF BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM ON THE EXECUTIVE SCHEDULE.

(a) IN GENERAL.—

(1) POSITIONS AT LEVEL I OF THE EXECUTIVE SCHEDULE.—Section 5312 of title 5, United States Code, is amended by adding at the end the following:

''Chairman, Board of Governors of the Federal Reserve System.''.

(2) POSITIONS AT LEVEL II OF THE EXECUTIVE SCHEDULE.—Section 5313 of title 5, United States Code, is amended—

(A) by striking ''Chairman, Board of Governors of the Federal Reserve System.''; and

(B) by adding at the end the following:

''Members, Board of Governors of the Federal Reserve System.''.

(3) POSITIONS AT LEVEL III OF THE EXECUTIVE SCHEDULE.—Section 5314 of title 5, United States Code, is amended by striking ''Members, Board of Governors of the Federal Reserve System.''.

(b) EFFECTIVE DATE.—This section and the amendments made by this section shall take effect on the first day of the first pay period for the Chairman and Members of the Board of Governors of the Federal Reserve System beginning on or after the date of enactment of this section.

SEC. 502. CONSISTENT COVERAGE FOR INDIVIDUALS ENROLLED IN A HEALTH PLAN ADMINISTERED BY THE FEDERAL BANKING AGENCIES.

(a) ENROLLMENT IN CHAPTER 89 PLAN.—For purposes of chapter 89 of title 5, United States Code, any period of enrollment shall be deemed to be a period of enrollment in a health benefits plan under chapter 89 of such title, if such enrollment is—

(1) in a health benefits plan administered by the Federal Deposit Insurance Corporation before the termination of such plan on January 3, 1998; or

(2) subject to subsection (c), in a health benefits plan (not under chapter 89 of such title) with respect to which the eligibility of any employees or retired employees of the Board of Governors of the Federal Reserve System terminates on January 3, 1998.

(b) ENROLLMENT; CONTINUED COVERAGE.—

(1) ENROLLMENT.—Subject to subsection (c), any individual who, on January 3, 1998, is enrolled in a health benefits plan described in paragraph (1) or (2) of subsection (a) may enroll in an approved health benefits plan under chapter 89 of title 5, United States Code, either as an individual or for self and family, if, after taking into account the provisions of subsection (a), such individual—

(A) meets the requirements of that chapter 89 for eligibility to become so enrolled as an employee, annuitant, or former spouse (within the meaning of that chapter); or

(B) would meet the requirements of that chapter 89 if, to the extent such requirements involve either retirement system under such title 5, such individual satisfies similar requirements or provisions of the Retirement Plan for Employees of the Federal Reserve System.

(2) DETERMINATIONS.—Any determination under paragraph (1)(B) shall be made under guidelines established by the Office of Personnel Management in consultation with the Board of Governors of the Federal Reserve System.

(3) CONTINUED COVERAGE.—Subject to subsection (c), any individual who, on January 3, 1998, is entitled to continued coverage under a health benefits plan described in paragraph (1) or (2) of subsection (a) shall be deemed to be entitled to continued coverage under section 8905a of title 5, United States Code, but only for the same remaining period as would have been allowable under the health benefits plan in which such individual was enrolled on January 3, 1998, if—

(A) the individual had remained enrolled in that plan; and

(B) that plan did not terminate, or the eligibility of such individual with respect to that plan did not terminate, as described in subsection (a).

(4) COMPARABLE TREATMENT.—Subject to subsection (c), any individual (other than an individual under paragraph (3)) who, on January 3, 1998, is covered under a health benefits plan described in paragraph (1) or (2) of subsection (a) as an unmarried dependent child, but who does not then qualify for coverage under chapter 89 of title 5, United States Code, as a family member (within the meaning of that chapter) shall be deemed to be entitled to continued coverage under section 8905a of that title, to the same extent and in the same manner as if such individual had, on January 3, 1998, ceased to meet the requirements for being considered an unmarried dependent child of an enrollee under such chapter.

(5) EFFECTIVE DATE.—Coverage under chapter 89 of title 5, United States Code, pursuant to an enrollment under this section shall become effective on January 4, 1998.

(c) ELIGIBILITY FOR FEHBP LIMITED TO INDIVIDUALS LOSING ELIGIBILITY UNDER FORMER HEALTH PLAN.—Nothing in subsection (a)(2) or any paragraph of subsection (b) (to the extent that paragraph (2) relates to the plan described in subsection (a)(2)) shall be considered to apply with respect to any individual whose eligibility for coverage under the plan does not involuntarily terminate on January 3, 1998.

(d) TRANSFERS TO THE EMPLOYEES HEALTH BENEFITS FUND.—The Federal Deposit Insurance Corporation and the Board of Governors of the Federal Reserve System shall transfer to the Employees Health Benefits Fund, under section 8909 of title 5, United States Code, amounts determined by the Director of the Office of Personnel Management, after consultation with the Federal Deposit Insurance Corporation and the Board of Governors of the Federal Reserve System, to be necessary to reimburse the Fund for the cost of providing benefits under this section not otherwise paid for by the individuals covered by this section. The amounts so transferred shall be held in the Fund and used by the Office of Personnel Management in addition to amounts available under section 8906(g)(1) of title 5, United States Code.

(e) ADMINISTRATION AND REGULATIONS.—The Office of Personnel Management—

(1) shall administer the provisions of this section to provide for—

(A) a period of notice and open enrollment for individuals affected by this section; and

(B) no lapse of health coverage for individuals who enroll in a health benefits plan under chapter 89 of title 5, United States Code, in accordance with this section; and

(2) may prescribe regulations to implement this section.

SEC. 503. FEDERAL HOUSING FINANCE BOARD.

Section 2A(b)(2) of the Federal Home Loan Bank Act (12 U.S.C. 1422a(b)(2)) is amended—

(1) by striking subparagraph (B); and

(2) by redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively.

TITLE VI—TECHNICAL CORRECTIONS

SEC. 601. TECHNICAL CORRECTION RELATING TO DEPOSIT INSURANCE FUNDS.

(a) IN GENERAL.—Section 2707 of the Deposit Insurance Funds Act of 1996 (Public Law 104–208; 110 Stat. 3009–496) is amended by striking ''7(b)(2)(C)'' and inserting ''7(b)(2)(E)''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall be deemed to have the same effective date as section 2707 of the Deposit Insurance Funds Act of 1996.

SEC. 602. RULES FOR CONTINUATION OF DEPOSIT INSURANCE FOR MEMBER BANKS CONVERTING CHARTERS.

Section 8(o) of the Federal Deposit Insurance Act (12 U.S.C. 1818(o)) is amended in the second sentence, by striking ''subsection (d) of section 4'' and inserting ''subsection (c) or (d) of section 4''.

SEC. 603. AMENDMENTS TO THE REVISED STATUTES.

(a) WAIVER OF CITIZENSHIP REQUIREMENT FOR NATIONAL BANK DIRECTORS.—Section 5146 of the Revised Statutes of the United States (12 U.S.C. 72) is amended in the first sentence, by inserting before the period '', and waive the requirement of citizenship in the case of not more than a minority of the total number of directors''.

(b) TECHNICAL AMENDMENT TO THE REVISED STATUTES.—Section 329 of the Revised Statutes of the United States (12 U.S.C. 11) is amended by striking ''to be interested in any association issuing national currency under the laws of the United States'' and inserting ''to hold an interest in any national bank''.

(c) REPEAL OF UNNECESSARY CAPITAL AND SURPLUS REQUIREMENT.—Section 5138 of the Revised Statutes of the United States (12 U.S.C. 51) is repealed.

SEC. 604. CONFORMING CHANGE TO THE INTERNATIONAL BANKING ACT.

Section 4(b) of the International Banking Act of 1978 (12 U.S.C. 3102(b)) is amended in the second sentence, by striking paragraph (1) and by redesignating paragraphs (2) through (4) as paragraphs (1) through (3), respectively.

Ms. MOSELEY-BRAUN. Mr. President, today, Senator SHELBY and several of my other colleagues on the Banking Committee are introducing the Financial Regulatory Relief and Economic Efficiency Act of 1997. I am cosponsoring this legislation because I have long been committed to the process of reducing unnecessary regulatory burdens on financial institutions. Many of the provisions were drafted in consultation with the banking regulatory agencies and will remove duplicative, unnecessary restrictions that no longer make sense and are no longer appropriate, given this era of great change in the financial services industry. This bill will allow the banks to be more efficient and cost-effective in their activities. It will also allow them to better meet the needs of the users of the system, the individuals, the communities, the businesses, the exporters, the farmers, and all those who depend on our financial system. We live in capital-scarce times and that means that it is imperative that our financial system provides capital to those who need it in the most cost-effective manner possible. We can be longer tolerate inefficiencies due to outmoded regulation.

However, it is important to note that I do not support every provision of this bill, and in fact I have serious concerns about portions of it. I believe that certain sections of the bill will need to be changed significantly as it works its way through the Banking Committee and the Senate floor. That said, I want to be a part of this process, because I believe in the objectives of the bill: reducing unnecessary regulatory burden. Furthermore, I think the issue should be addressed in a bipartisan manner.

This type of effort needs to be a priority for Banking Committee and the Senate as a whole, and that is why I am an original cosponsor of the Financial Regulatory Relief and Economic Efficiency Act of 1997.

By Mr. SMITH of Oregon:

S. 1406. A bill to amend section 2301 of title 38, United States Code, to provide for the furnishing of burial flags on behalf of certain deceased members and former members of the Selected Reserve; to the Committee on Veterans Affairs.

BURIAL FLAGS FOR MEMBERS OF THE GUARD AND RESERVES LEGISLATION

Mr. SMITH of Oregon. Mr. President, several months ago, one of my constituents, Gilbert Miller, a retired Air Force senior master sergeant, walked into my Medford, OR office to share an idea with me. After doing some research, he discovered that some military reserve component members who had honorably served their country as Selected Reservists were not eligible for funeral burial flags. In response to this inequity, and in recognition of Veterans' Day, I rise to introduce a bill authorizing the Department of Veterans' Affairs to issue burial flags to deceased members of the reserve component.

Mr. President, National Guard and Reserve units and individual members increasingly share the day-to-day burden of our national defense. Their service is routinely performed in a drill or short active duty tour status alongside an active component service member. Their status, however, does not make their contribution to our national defense any less important or less critical. Simply put, many requirements could not be met without the direct involvement of Reserve forces, either in a drill status or on short active duty tours.

In view of this reality, I believe it is time to expand the current law regarding burial flags to include these members of the total force. Therefore, my bill permits the issuance of a burial flag to those National Guard and Reserve members who honorably served in the reserve component.

Mr. President, I would like to thank the Non Commissioned Officers Association and all the veterans' groups for their support of this bill.

Finally, Mr. President, I would like to pay tribute to our veterans as we prepare to celebrate Veterans' Day. Each day as I drive to work at the U.S. Senate, I cannot help but notice the beautiful monuments of our Nation's capital. These monuments were built to honor great people and great events, and each has its own inspirational story to tell. What you will find in the stories is that the greatness of our country and of its leaders was founded in the willingness of common men and women, our veterans, to risk their lives defending the principle of right. Serving both at home and on foreign soil, their service must always be remembered.

Working in Washington in this great institution and among these beautiful monuments, I frequently am reminded of the sacrifices of our veterans. Even outside of Washington, in almost every town across America, there are monuments dedicated to our veterans. I urge each American to discover their story, not only from a historical perspective, but also through the eyes of the veterans living in their communities, where you will find common men and women who simply did the right thing when called upon. And because of them, we live in a world where there is more peace than ever before. They deserve our thanks.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1406

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. ISSUANCE OF BURIAL FLAGS FOR DECEASED MEMBERS AND FORMER MEMBERS OF THE SELECTED RESERVE.

Section 2301(a)(2) of title 38, United States Code, is amended to read as follows:

''(2) deceased individual who—

''(A) was serving as a member of the Selected Reserve (as described in section 10143 of title 10) at the time of death;

''(B) had served at least one enlistment, or the period of initial obligated service, as a member of the Selected Reserve and was discharged from service in the Armed Forces under conditions not less favorable than honorable; or

''(C) was discharged from service in the Armed Forces under conditions not less favorable than honorable by reason of a disability incurred or aggravated in line of duty during the individual's initial enlistment, or period of initial obligated service, as a member of the Selected Reserve.''.

By Mr. BURNS:

S. 1407. A bill to allow participation by the communities surrounding Yellowstone National Park in decisions affecting the park, and for other purposes; to the Committee on Energy and Natural Resources.

THE YELLOWSTONE NATIONAL PARK COMMUNITY PARTICIPATION ACT

Mr. BURNS. Madam President, I rise today to introduce the Yellowstone National Park Community Participation Act. This is a bill to require the National Park Service to work in conjunction and consult with the communities surrounding Yellowstone National Park in both Montana and Wyoming.

The communities surrounding Yellowstone National Park, are as directly affected by actions within the park, as anything in the park itself. These communities' stability and economic viability are in a large part dependent on the actions within the park. Their future is dependent upon the actions taken both by local park management, and the management of the National Park Service in Washington, DC.

The Department of the Interior and the Director of the National Park Service have stated that the management of the parks and the Park Service itself should work in a cooperative effort to make sure that the local communities, affected by actions in the parks, are consulted before action occurs. Well unfortunately this is not always the case.

Last year in the 104th Congress, authority was given to the National Park Service to provide for a demonstration project as it relates to fees charged to enter our national park. This was done with the understanding that this would assist the parks in coming up with additional funding for the backlog of construction and maintenance in each individual parks. Dollars which are sorely needed in the parks and which it is hoped would be put to good use.

Communities surrounding our parks, especially Yellowstone, understand the need for the repairs to the infrastructure in the parks. They are all very willing to work with park management to do what they can to assist in maintaining the parks and assisting management in working on a means for caring for the parks.

Yet, when the Park Service asked for input and provided each individual park with an opportunity to use and develop a new fee structure for the parks not all the communities were asked or informed of the increases in the fees. This was the case in Yellowstone National Park.

While the management of Grand Teton, just a few miles south of Yellowstone, worked with and notified the communities affected by the future fee changes. Providing these communities an opportunity to prepare for the effects these changes would have on their business and economic vitality.

An announcement was made by the management in Yellowstone to address the upcoming changes without very much, if any interaction with the surrounding communities. This then affected their ability to provide the information necessary to people who use their communities as a staging site for their visit to Yellowstone. It put them in the unenviable position of either subjecting their businesses to a loss, due to the fact that they either accepted the additional cost for operating their park tours, or charging the difference to those consumers who were there on the spur of the moment. This is not what any of us would like to do to our customers, nor anything that the Government should require of taxpayers who are either living at the gates of our national parks or visiting them for recreation.

Had a consultation occurred in this instance, it is possible that relations between the communities and the park management could have developed to find a way to work through this process. However no consultation occurred and as a result, relations between park management and the local communities have been strained.

Another telling facet of this dissolution of relations between local communities and the park management, is

what occurred just last winter. Due to what the park management called reduced funding, they changed the winter opening dates for the entrances to Yellowstone. This had a dramatic effect on the economic stability of the communities which are located at the entrances to Yellowstone.

The basis for business in those communities at the entrances to Yellowstone, is not just the traffic they see during the summer, but rests in large part on winter tourism in and around Yellowstone. As beautiful and magnificent, as Yellowstone can be during the summer, the visual experiences a person can enjoy during the winter are multiplied. Many of the businesses in these local communities look upon winter tourism as a means of keeping them in business for the next year.

When any change is announced, without suitable notification or adequate consultation, these communities suffer greatly. Last winter visitors arrived at Yellowstone with the understanding that the park would be open, to allow them to experience the beauty of the Nation's ''Crown Jewel'' as it lay under a winter coating of snow. However, when they arrived at the entrance to the park, they were greeted not with a welcome, but with a barrier which kept them from enjoying their park.

This delayed opening had a devastating effect on the communities at the gateways to Yellowstone. Many tours were canceled and groups which had planned future winter events in the area, have since canceled those plans. Although it was not true, many of these tour and business groups were of the understanding that Yellowstone was closed to winter travel and activity.

The language in this bill would assure stability for the future of those communities located at the gateways to Yellowstone National Park. The legislation would provide for an opening and closing date, which the people of the community of West Yellowstone, MT, could count on in planning for tour groups and the hiring of personnel to make the visitors' stays a memorable experience.

I have attempted to work with the Park Service and the local communities to see if some means of consultation could be worked out among all the parties involved. Last January a series of meetings occurred, between members of the local community the Park Service and my staff, to discuss the problems which the local communities were facing due to the actions taken last winter. As a result of these meetings, it was hoped that the management of the park would be more receptive to the working with the local communities in the development of changes affecting their lives. So far this has not been the case.

I am offering this legislation today, in an attempt to open dialog to find suitable arrangements for consultation between the park and the gateway communities of Yellowstone National Park. I will request a hearing on this matter to open that dialog and to seek a means by which all parties are comfortable in a process of exchange and consultation on the future of the business related to Yellowstone. I look forward to working with the Park Service and the local communities to find a means of keeping Yellowstone a treasure for all America and the world to enjoy, during all seasons of the year.

Thank you, Madam President.

By Mr. D'AMATO (for himself and Mr. MOYNIHAN):

S. 1408. A bill to establish the Lower East Side Tenement National Historic Site, and for other purposes; to the Committee on Energy and Natural Resources.

THE LOWER EAST SIDE TENEMENT MUSEUM NATIONAL HISTORIC SITE ACT OF 1997

Mr. D'AMATO. Mr. President, I rise today to join with my friend and colleague, Senator MOYNIHAN, to introduce legislation that will declare the Lower East Side Tenement Museum a national historic site. Most of us have heard the stories of how the great wave of immigrants of generations ago entered our Nation, but few really know what happened to them after they landed at Ellis Island. At the Lower East Side Tenement Museum at 97 Orchard Street in New York City, one is able to follow the lives of the immigrants beyond the first hours on our shores. The museum tells their history, displays their courage and showcases their values in an interpretive setting that brings the visitor back to an era from which many of us came. The museum presents to many of us an awareness of our ancestral roots that we may never have known existed. Through the legislation being introduced by Senator MOYNIHAN and me, the museum will be able to affiliate itself with the National Park Service, bestowing national recognition on the humble beginnings of millions of our ancestors.

The Tenement Museum is unique in that it not only traces the quality of life inside the tenement, but presents a picture of the immigrant's outside world as well. Due to the cramped and dingy nature of the tenement, as much time as possible was spent outside. Thus, in order to fully explore their lives, it is essential to look toward their work, their houses of worship, their organizations, and their entertainment. The museum incorporates the experiences of yesteryear's immigrants and interprets them for today's generations. It gives the visitor a powerful glimpse into the life and living arrangements that our ancestors faced on a daily basis. Besides onsite programs, the museum utilizes the surrounding neighborhood; an area which continues to this day in its role as a receiver of immigrants.

Throughout our Nation we have preserved, remembered and cherished places of national significance and beauty. We have put enormous energy toward maintaining homes of noted Americans and protecting vast areas of wilderness. What we do not have, though, is a monument to the so-called ordinary citizen. The Tenement Museum can fill that role and will do so at no cost to the Federal Government under this legislation.

It is unlikely that many of those who lived in buildings like the one at 97 Orchard Street felt that they were special. Rather, they were probably grateful for the chance to come to America to try to make a better life for themselves and their families. Given the living and working conditions that we now take for granted, the language and cultural obstacles they had to overcome, we should applaud their ability to take hold of an opportunity and not only survive, but thrive. It is their contributions to society in the face of overwhelming obstacles that defined an era and established an ethic that survives to this day. It is their spirit that we admire, and that, in retrospect, makes these otherwise ordinary individuals special. The Tenement Museum is their monument, and as their descendants, it is ours as well.

Congress has an opportunity to recognize the pioneer spirit of our ancestors and deliver it to future generations of Americans. The museum reminds us all of an important and often forgotten chapter in our immigrant heritage, mainly, that millions of families made their first stand in our Nation not in a log cabin or farmhouse or mansion, but in a city tenement. Granting the Lower East Side Tenement Museum affiliated status within the National Park Service will shed light on that chapter while linking it to the chain of the Status of Liberty, Ellis Island, and Castle Clinton in the story of our urban immigrant heritage. I urge my colleagues to join Senator MOYNIHAN and me in cosponsoring this bill, and I urge its speedy consideration by the Senate.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD. as follows:

S. 1408

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Lower East Side Tenement National Historic Site Act of 1997''.

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress finds that—

(1)(A) immigration, and the resulting diversity of cultural influences, is a key factor in defining the identity of the United States; and

(B) many United States citizens trace their ancestry to persons born in nations other than the United States;

(2) the latter part of the 19th century and the early part of the 20th century marked a period in which the volume of immigrants coming to the United States far exceeded that of any time prior to or since that period;

(3) no single identifiable neighborhood in the United States absorbed a comparable

number of immigrants than the Lower East Side neighborhood of Manhattan in New York City;

(4) the Lower East Side Tenement at 97 Orchard Street in New York City is an outstanding survivor of the vast number of humble buildings that housed immigrants to New York City during the greatest wave of immigration in American history;

(5) the Lower East Side Tenement is owned and operated as a museum by the Lower East Side Tenement Museum;

(6) the Lower East Side Tenement Museum is dedicated to interpreting immigrant life within a neighborhood long associated with the immigrant experience in the United States, New York City's Lower East Side, and its importance to United States history; and

(7)(A) the Director of the National Park Service found the Lower East Side Tenement at 97 Orchard Street to be nationally significant; and

(B) the Secretary of the Interior declared the Lower East Side Tenement a National Historic Landmark on April 19, 1994; and

(C) the Director of the National Park Service, through a special resource study, found the Lower East Side Tenement suitable and feasible for inclusion in the National Park System.

(b) PURPOSES.—The purposes of this Act are—

(1) to ensure the preservation, maintenance, and interpretation of this site and to interpret at the site the themes of immigration, tenement life in the latter half of the 19th century and the first half of the 20th century, the housing reform movement, and tenement architecture in the United States;

(2) to ensure continued interpretation of the nationally significant immigrant phenomenon associated with New York City's Lower East Side and the Lower East Side's role in the history of immigration to the United States; and

(3) to enhance the interpretation of the Castle Clinton, Ellis Island, and Statue of Liberty National Monuments.

SEC. 3. DEFINITIONS.

As used in this Act:

(1) HISTORIC SITE.—The term ''historic site'' means the Lower East Side Tenement found at 97 Orchard Street on Manhattan Island in City of New York, State of New York, and designated as a national historic site by section 4.

(2) MUSEUM.—The term ''Museum'' means the Lower East Side Tenement Museum, a nonprofit organization established in City of New York, State of New York, which owns and operates the tenement building at 97 Orchard Street and manages other properties in the vicinity of 97 Orchard Street as administrative and program support facilities for 97 Orchard Street.

(3) SECRETARY.—The term ''Secretary'' means the Secretary of the Interior.

SEC. 4. ESTABLISHMENT OF HISTORIC SITE.

(a) IN GENERAL.—To further the purposes of this Act and the Act entitled ''An Act to provide for the preservation of historic American sites, buildings, objects, and antiquities of national significance, and for other purposes'', approved August 21, 1935 (16 U.S.C. 461 et seq.), the Lower East Side Tenement at 97 Orchard Street, in the City of New York, State of New York, is designated a national historic site.

(b) COORDINATION WITH NATIONAL PARK SYSTEM.—

(1) AFFILIATED SITE.—The historic site shall be an affiliated site of the National Park System.

(2) COORDINATION.—The Secretary, in consultation with the Museum, shall coordinate the operation and interpretation of the historic site with the Statue of Liberty National Monument, Ellis Island National Monument, and Castle Clinton National Monument. The historic site's story and interpretation of the immigrant experience in the United States is directly related to the themes and purposes of these National Monuments.

(c) OWNERSHIP.—The historic site shall continue to be owned, operated, and managed by the Museum.

SEC. 5. MANAGEMENT OF THE SITE.

(a) COOPERATIVE AGREEMENT.—The Secretary may enter into a cooperative agreement with the Museum to ensure the marking, interpretation, and preservation of the national historic site designated by section 4(a).

(b) TECHNICAL AND FINANCIAL ASSISTANCE.—The Secretary may provide technical and financial assistance to the Museum to mark, interpret, and preserve the historic site, including making preservation-related capital improvements and repairs.

(c) GENERAL MANAGEMENT PLAN.—

(1) IN GENERAL.—The Secretary, in consultation with the Museum, shall develop a general management plan for the historic site that defines the role and responsibility of the Secretary with regard to the interpretation and the preservation of the historic site.

(2) INTEGRATION WITH NATIONAL MONUMENTS.—The plan shall outline how interpretation and programming for the historic site shall be integrated and coordinated with the Statue of Liberty National Monument, Ellis Island National Monument, and Castle Clinton National Monument to enhance the story of the historic site and these National Monuments.

(3) COMPLETION.—The plan shall be completed not later than 2 years after the date of enactment of this Act.

(d) LIMITED ROLE OF SECRETARY.—Nothing in this Act authorizes the Secretary to acquire the property at 97 Orchard Street or to assume overall financial responsibility for the operation, maintenance, or management of the historic site.

SEC. 6. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such sums as are necessary to carry out this Act.

Mr. MOYNIHAN. Mr. President, I rise to join my friend and colleague Senator D'AMATO in introducing a bill that will authorize a small but most significant addition to the National Park system by designating the Lower East Side Tenement Museum a national historic site. For 150 years New York City's Lower East Side has been the most vibrant, populous, and famous immigrant neighborhood in the Nation. From the first waves of Irish and German immigrants to Italians and Eastern European Jews to the Asian, Latin, and Caribbean immigrants arriving today, the Lower East Side has provided millions their first American home.

For many of them that home was a brick tenement; six or so stories, no elevator, maybe no plumbing, maybe no windows, a business on the ground floor, and millions of our forbearers upstairs. The Nation has with great pride preserved log cabins, farm houses, and other symbols of our agrarian roots. We have reopened Ellis Island to commemorate and display the first stop for 12 million immigrants who arrived in New York City.

Until now we have not preserved a sample of urban, working class life as part of the immigrant experience. For many of those disembarked on Ellis Island the next stop was a tenement on the Lower East Side, such as the one at 97 Orchard Street. It is here that the Lower East Side Tenement Museum shows us what that next stop was like.

The tenement at 97 Orchard was built in the 1860's, during the first phase of tenement construction. It provided housing for 20 families on a plot of land planned for a single family residence. Each floor had four 3-room apartments, each of which had two windows in one of the rooms and none in the others. The privies were out back, as was the spigot that provided water for everyone. The public bathhouse was down the street.

In 1900 this block was the most crowded per acre on Earth. Conditions improved at 97 Orchard Street after the passage of the New York Tenement House Act of 1901, though the crowding remained. Two toilets were installed on each floor. A skylight was installed over the stairway and interior windows were cut in the walls to allow some light throughout each apartment. For the first time the ground floor became commercial space. In 1918 electricity was installed. Further improvements were mandated in 1935, but the owner of this building chose to board it up rather than follow the new regulations. It remained boarded up for 60 years until the idea of a museum took hold.

The tenement museum will keep at least one apartment in the dilapidated condition in which it was found when reopened, to show visitors the process of urban archaeology. Others are being restored to show how real families lived at different periods in the building's history. Across the street there are interpretive programs to better explain the larger experience of gaining a foothold on America in the Lower East Side of New York. There are also plans for programmatic ties with Ellis Island and its precursor, Castle Clinton. And the museum plans to play an active role in the immigrant community around it, further integrating the past and present immigrant experience on the Lower East Side.

This bill designates the tenement museum a national historic site. It also authorizes the Secretary of the Interior to enter into a cooperative agreement with the museum to ensure the marking, interpretation, and preservation of the site. The Secretary will also coordinate with the Statue of Liberty, Ellis Island, and Castle Clinton sites to help with the interpretation of the immigrant experience. It will be a productive partnership.

Mr. President, I believe the tenement museum provides an outstanding opportunity to preserve and present an important stage of the immigrant experience and the move for social change in our cities at the turn of the century. I know of no better place than 97 Orchard Street to do so, and no

other place in the National Park system doing so already. I look forward to the realization of this grand idea, and I ask my colleagues for their support.

By Ms. COLLINS (for herself, Mr. THOMPSON, and Mr. BENNETT):

S. 1409. A bill for the relief of Sheila Heslin of Bethesda, MD; to the Committee on the Judiciary.

PRIVATE RELIEF LEGISLATION

Ms. COLLINS. Mr. President, today I am introducing a bill, along with my colleagues Senators THOMPSON and BENNETT, that will require the Department of Justice to pay the legal fees of a former Federal employee, Sheila Heslin, who incurred these expenses as a direct result of the campaign finance investigations conducted by the Congress, the Department of Justice, and the Central Intelligence Agency.

Earlier this fall, Ms. Heslin testified before the Senate Governmental Affairs Committee about actions she took while performing her official duties as an employee of the National Security Council. Everyone who observed her testimony was impressed with her honesty and courage in resisting high-level political pressure. Ms. Heslin told us how other governmental and political officials pressured her to approve a request that Roger Tamraz, a major contributor with an unsavory reputation, be allowed to meet with President Clinton. She resisted these overtures in an effort to protect the integrity of the White House and to ensure that our foreign policy was conducted appropriately. Of all the individuals who testified before the Senate Governmental Affairs Committee about the campaign finance problems, Ms. Heslin provided the best example of how career Government officials ought to conduct themselves. She demonstrated courage and a high regard for the proper conduct of U.S. foreign policy.

Ms. Heslin participated in these proceedings as a witness, not as the subject of any investigation. She has provided important information on events and activities that may well become the subject of prosecution. As a result, Ms. Heslin was forced to retain private counsel to advise her in the various investigations because representation by Government counsel would have presented a clear conflict of interest.

It is my understanding that the Department of Justice has to date declined to reimburse Ms. Heslin for the legal fees relating to her testimony before the Senate Governmental Affairs Committee and other similar inquiries. She is now a private citizen with a new baby and without the personal wealth to afford the legal representation her service as a Government employee has required. As an important and fully cooperative witness in these investigations, she has set an example that ought to not be discouraged by denying Government payment for outside legal representation in a case involving appropriate actions taken during her Federal employment.

Under existing regulations, the Department of Justice normally approves the payment of legal fees for Government employees when ''the actions for which representation is requested reasonably appears to have been performed within the scope of the employees's employment'' and payment is ''in the interest of the United States.'' Both requirements have been met in the case Sheila Heslin.

Moreover, Mr. President, in connection with other investigations, the Department of Justice has paid the legal fees of hundreds of Government employees, some of whom were high-level political appointees. For example, in fiscal year 1996, political appointees at the White House and on the Vice President's staff were reimbursed thousands of dollars in attorneys' fees. To deny the payment of legal fees to Ms. Heslin, who is not suspected of any wrongdoing, while at the same time paying the legal fees of many other Government employees, some of whom were being investigated for possible illegal activities, is simply unfair.

Earlier this month, I asked the Attorney General to personally address this matter and to reverse the decision denying reimbursement to Ms. Heslin. I am still waiting for Attorney General Reno's response to my letter.

In the absence of action by the Department of Justice, I am introducing this bill which directs the Attorney General to pay reasonable attorney's fees incurred by Ms. Heslin as a result of the campaign finance investigations. To ensure that such payments are not excessive, it is intended that the amounts be determined in accordance with applicable Justice Department regulations.

Mr. President, this bill is not only for Sheila Heslin. It is also to send a clear message to every career Government employee who in the future has to choose between succumbing to inappropriate political pressure or doing the right thing. It is also for the American people who are the ultimate beneficiaries when public servants put the interests of the country ahead of the interests of those seeking to buy access and influence for their own narrow purposes.

Mr. President, it is regrettable that we cannot do more to reward people who follow the high standards of conduct we all espouse. At the very least, we should ensure that the actions of their Government do not penalize them. For that reason, I hope my colleagues will support this measure.

By Mr. REED:

S. 1410. A bill to amend section 258 of the Communications Act of 1934 to enhance to protections against unauthorized changes in subscriber selections of telephone service providers, and for other purposes; to the Committee on Commerce, Science, and Transportation.

THE ANTI-SLAMMING ACT OF 1997

Mr. REED. Mr. President, I rise today to make a few comments concerning legislation which I am introducing to deal with the problem of slamming. Earlier this year, I outlined the remedies necessary to deal with this serious consumer problem in a Sense of the Senate Resolution which was amended to the Commerce State Justice Appropriations legislation. The legislation I introduce today embodies those remedies. I would like to take a moment to thank Ranking Member HOLLINGS and Chairmen MCCAIN and BURNS for the assistance they have lent to me on this issue.

Telephone ''slamming'' is the illegal practice of switching a consumer's long distance service without the individual's consent. This problem has increased dramatically over the last several years, as competition between long distance carriers has risen. Slamming is the top consumer complaint lodged at the Federal Communications Commission (FCC), with 11,278 reported complaints in 1995, and 16,500 in 1996. In the first nine months of 1997 alone, 15,000 complaints have been filed. Unfortunately, this represents only the tip of the iceberg because most consumers never report violations to the FCC. One regional Bell company estimates that 1 in every 20 switches is fraudulent. Media reports indicate that as many as 1 million illegal transfers occur annually. Thus, slamming threatens to rob consumers of the benefit of a competitive market, which is now composed of over 500 companies which generate $72.5 billion. As a result of slamming, consumers face not only increased phone bills, but also the significant expenditure of time and energy in attempting to identify and reverse the fraud. The results of slamming are clear: higher phone bills and immense consumer frustration.

Mr. President, we are all aware of the stiff competition which occurs for customers in the long distance telephone service industry. The goal of deregulating the telecommunications industry was to allow consumers to easily avail themselves of lower prices and better service. Hopefully, this option will soon be presented to consumers for in-state calls and local phone service. Indeed, better service at lower cost is a main objective of those who seek to deregulate the utility industry. Unfortunately, fraud threatens to rob many consumers of the benefits of a competitive industry.

Telemarketing is one of the least expensive and most effective forms of marketing, and it has exponentially expanded in recent years. By statute, the Federal Trade Commission (FTC) regulates most telemarketing, prohibiting deceptive or abusive sales calls, requiring that homes not be called at certain times, and that companies honor a consumer's request not to be called again. The law mandates that records concerning sales be maintained for two years. While the FTC is charged with primary enforcement, the law allows consumers, or state Attorneys General on their behalf, to bring legal action

against violators. Yet, phone companies are exempt from these regulations, since they are subject to FCC regulation.

While the FCC has brought action against twenty-two of the industry's largest and smallest firms for slamming violations with penalties totaling over $1.8 million, this represents a minute fraction of the violations. FCC prosecution does not effectively address or deter this serious fraud. To date, state officials have been more aggressive in pursuing violators. The California Public Utility Commission fined a company $2 million earlier this year after 56,000 complaints were filed against it. Arizona, Arkansas, Idaho, Illinois, Kansas, Minnesota, Mississippi, Missouri, New Jersey, Ohio, Vermont, and Wisconsin have all pursued litigation against slammers. Earlier this summer, public officials of twenty-five states asked the FCC to adopt tougher rules against slammers.

As directed by the Telecommunications Act of 1996, the FCC has recently moved to close several loopholes which have allowed slamming to continue unabated. Most importantly, the FCC has proposed to eliminate the financial incentive which encourages many companies to slam by mandating that all revenues generated from an illegal switch be returned to the original carrier. At present, a slammer can retain the profits generated from an illegal switch. Additionally, the FCC proposed regulations would require that a carrier confirm all switches generated by telemarketing through either (1) a letter of agency, known as a LOA, from the consumer; (2) a recording of the consumer verifying his or her choice on a toll free line provided by the carrier; or (3) a record of verification by an appropriately qualified and independent third party. The regulations are expected to be finalized by the FCC early in 1998. While this represents a start, I believe that these remedies will be wholly inadequate to address the ever-increasing problem of slamming. The problem is that slammed consumers would still be left without conclusive proof that their consent was properly obtained and verified.

My legislation encompasses a three part approach to stop slamming by strengthening the procedures used to verify consent obtained by marketers; increasing enforcement procedures by allowing citizens or their representatives to pursue slammers in court with the evidence necessary to win; and encouraging all stakeholders to use emerging technology to prevent fraud.

Mr. President, let me also thank the National Association of Attorneys General, the National Association of Regulatory Utility Commissioners which through both their national offices and individual members provided extensive recommendations to improve this bill. Additionally, I have found extremely helpful the input of several groups which advocate on behalf of consumers. I was particularly pleased to work with the Consumer Federation of America to address concerns which its members expressed, and I am honored that this legislation has received the endorsement of their organization.

Mr. President, let me take a few minutes to outline the specific provisions of my bill. My legislation requires that a consumer's consent to change service is verified so that discrepancies can be adjudicated quickly and efficiently. Like the 1996 Act, my bill requires a legal switch to include verification. However, my legislation enumerates the necessary elements of a valid verification. First, the bill requires verification to be maintained by the provider, either in the form of a letter from the consumer or by recording verification of the consumer's consent via the phone. The length that the verification must be maintained is to be determined by the FCC. Second, the bill stipulates the form that verification must take. Written verification remains the same as current regulations. Oral verification must include the voice of the subscriber affirmatively demonstrating that she wants her long distance provider to be changed; is authorized to make the change; and is currently verifying an imminent switch. The bill mandates oral verification to be conducted in a separate call from that of the telemarketer, by an independent, disinterested party. This verifying call must promptly disclose the nature and purpose of the call. Third, after a change has been executed, the new service provider must send a letter to the consumer, within five business days of the change in service, informing the consumer that the change, which he requested and verified, has been effected. Fourth, the bill mandates that a copy of verification be provided to the consumer upon request. Finally, the bill requires the FCC to finalize rules implementing these mandates within nine months of enactment of the bill.

These procedures should help ensure that consumers can efficiently avail themselves of the phone service they seek, without being exposed to random and undetectable fraudulent switches. If an individual is switched without his or her consent, the mandate of recorded, maintained verification will provide the consumer with the proof necessary to prove that the switch was illegal.

The second main provision of my legislation would provide consumers, or their public representatives, a legal right to pursue violators in court. Following the model of Senator Hollings' 1991 Telephone Consumer Protection Act, my bill provides aggrieved consumers with a private right of action in any state court which allows, under specific slamming laws or more general consumer protection statutes such an action. The 1991 Act has been adjudicated to withstand constitutional challenges on both equal protection and tenth amendment claims. Thus, the bill has the benefit of specifying one forum in which to resolve illegal switches of all types of service: long distance, in-state, and local service.

Realizing that many individuals will not have the time, resources, or inclination to pursue a civil action, my bill also allows state Attorneys Generals, or other officials authorized by state law, to bring an action on behalf of citizens. Like the private right of action in suits brought by public officials damages are statutorily set at $1,000 or actual damages, whichever is greater. Treble damages are awarded in cases of knowing or willful violations. In addition to monetary awards, states are entitled to seek relief in the form of writs of mandamus, injunction, or similar relief. To ensure a proper role for the FCC, state actions must be brought in a federal district court where the victim or defendant resides. Additionally, state actions must be certified with the Commission, which maintains a right to intervening in an action. The bill makes express the fact that it has no impact on state authority to investigate consumer fraud or bring legal action under any state law.

Finally, Mr. President, my legislation recognizes that neither legislators nor regulators can solve tomorrow's problems with today's technology. Therefore my bill mandates that the FCC provide Congress with a report on other, less burdensome but more secure means of obtaining and recording consumer consent. Such methods might include utilization of Internet technology or issuing PIN numbers or customer codes to be used before carrier changes are authorized. The bill requires that the FCC report to Congress on such methodology by December 31, 1999.

Mr. President, I appreciate the opportunity to discuss my initiative to stop slamming. I hope that this issue can be addressed quickly. As a result, I would urge all my colleagues to cosponsor this legislation.

By Mr. MACK (for himself, Mr. HARKIN, Mr. DEWINE, Mr. SANTORUM, Ms. COLLINS, Ms. SNOWE, Mr. D'AMATO, Mr. SMITH of Oregon, Mrs. BOXER, Mr. KENNEDY, Mrs. FEINSTEIN, Mr. LAUTENBERG, Mr. GRAHAM, Mr. DODD, Mr. DURBIN, and Mr. WELLSTONE):

S. 1411. A bill to amend the Internal Revenue Code of 1986 to disallow a Federal income tax deduction for payments to the Federal Government or any State or local government in connection with any tobacco litigation or settlement and to use any increased Federal revenues to promote public health; to the Committee on Finance.

THE NATIONAL INSTITUTES OF HEALTH TRUST FUND ACT OF 1997

Mr. MACK. Mr. President, today I am joined by Senators HARKIN, DEWINE, SANTORUM, COLLINS, SNOWE, D'AMATO, SMITH of Oregon, BOXER, KENNEDY, FEINSTEIN, LAUTENBERG, GRAHAM,

DODD, DURBIN, and WELLSTONE in introducing legislation that begins to realize the paramount goal of doubling funding for the National Institutes of Health [NIH] over the next 5 years. The bill ensures that any tobacco settlements or judgments are not tax deductible.

As currently crafted, the global settlement specifically allows the tobacco companies to deduct the entire amount of their payments. That is a possible $128 billion break on their tax bill. I believe it is fundamentally wrong to allow them such a free ride at taxpayers' expense. More importantly, any settlement should provide funds for biomedical research, including funding to find better treatment and cures for the diseases caused by tobacco.

Although the Tax Code often allows settlement amounts to be deductible, the current law provides that fines or penalties paid to a Government entity are not. The unprecedented situation we face with the tobacco industry demands that the Congress define these payments as more akin to such a fine or penalty. If a businessman cannot deduct a speeding ticket he received on his way to a meeting, tobacco shouldn't be able to deduct its payment for guaranteed immunity and certainty of liability. Which is worse, a speeding ticket or knowingly addicting and killing millions of Americans?

I want my colleagues to understand that the success of our efforts on this front does not hinge on the enactment of a final Federal settlement. The bill applies to any settlement or judgment at the State or Federal level. As such, if the tobacco companies are found liable in any forum, or see fit to settle any of their cases with governmental entities, those payments will not be deductible. However, the bill leaves in place the deductibility of compensatory sums paid to individuals for harm done to them. Now is the time for Congress to step forward and pledge that we will not be a party to any tobacco settlement that comes at taxpayers' expense.

Allowing the companies to state that they are willing to pay $368.5 billion to the Government, when in reality they are only paying two-thirds of that amount, is false advertising. The bill corrects this misleading situation to the benefit of thousands, perhaps millions, of Americans whose tobacco-related illnesses might be cured now through medical research.

As my colleagues will recall, the Senate passed by a vote of 98 to 0 a Sense of the Senate Resolution that Congress, and the Nation, should commit to the goal of doubling funding for NIH over the next 5 years. The actions we are taking today will help us to achieve that goal.

The tax revenues which will be derived as a result of making the settlement or judgments nondeductible will be used to establish the National Trust Fund for Biomedical Research. Each year, after the President has signed the Labor/HHS/Education bill into law, the moneys in the medical research trust fund established by this bipartisan legislation will be allocated to NIH for biomedical research.

Research has demonstrated that many diseases can be prevented, eliminated, detected earlier, or managed more effectively through a vast array of new medical procedures and therapies.

For the first time in history, overall death rates from cancer have begun a steady decline in the United States. Ten years ago, cancer patients were offered little hope of survival. Today, however, if a breast cancer is detected at an early stage, there is a 94-percent survival rate. Today, 80 percent of children diagnosed with acute lymphoblastic leukemia [ALL] are alive and free of the disease 5 years after diagnosis.

Genetic research has enabled Americans to learn if they are more likely to develop osteoporosis, breast cancer, Lou Gehrig's disease and other illnesses. Scientists now know that, in at least 50 percent, and possibly as many as 80 percent, of all cancers, one gene—p53—is damaged. If cancer cells growing in a dish are given healthy p53 genes, they immediately stop proliferating and die.

We now know that if one inherits a mutated gene for hemochromatosis, more commonly known as iron overload disease, a disease which affects approximately 1 million Americans, then one will actually develop the disease. The benefit of knowing this is that giving blood is an effective way to manage the disease.

Because of the advances made in biomedical research, people with Parkinson's disease, AIDS, Alzheimer's disease, and other ailments are living longer and healthier lives. We are on the verge of cures and new treatments for diseases which have plagued our society for many years. Research is the key which will unlock the knowledge needed to find these cures.

But doubling our commitment to NIH, we could improve the grant success rate from 25 to 40 percent. More patients would have access to clinical trials. Approximately 2 percent of all cancer patients are now enrolled in clinical trials. We could increase that to 20 percent. The result is that more families would have access to the most effective state-of-the-art treatment.

Patients would also benefit by advances in new methods of treatment including gene therapy, immunotherapy, spinal cord rejuvenation; helping diabetics naturally produce insulin; relief for Parkinson's disease patients, and reduction in heart disease, which is the leading cause of death in the United States.

We have entered a new era of medical research in this country, but we must provide the necessary funding in order to translate discoveries into new methods of diagnosis and treatment.

There can be little argument that scientific advances will also have a significant positive impact upon our Nation's economy. They will result in reduced health expenditures for Medicare, Medicaid, DOD, VA, and other public and private health programs. A recent study by the National Science Foundation concluded that every dollar spent on basic research permanently adds 50 cents or more each year to national output.

In addition, the medical technology industry provides high-wage jobs to millions of Americans. Investment in basic science helps the United States compete in the global marketplace in such industries as pharmacology, biotechnology, and medical technology. Combined with the actions taken earlier this year to reform the FDA, public and private investment in biomedical research will ensure our ability to compete in this important industry and create new jobs.

Mr. President, there are millions of Americans who are fighting a day-today battle against cancer, sickle cell anemia, AIDS, osteoporosis, Parkinson's disease, and other ailments. Their lives are in our hands. They are asking for hope and the opportunity for a cure. We must act now.

This legislation is supported by more than 175 organizations representing a broad base of research, patient, health professions, consumer, and education communities. I ask unanimous consent that a list of these organizations be included in the RECORD.

I urge my colleagues to join this bipartisan effort to help achieve the goal of doubling NIH funding over the next 5 years.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

ORGANIZATIONS SUPPORTING MACK-HARKIN TOBACCO RESEARCH FUND AS OF NOVEMBER 6, 1997

1. Alliance for Eye and Vision Research.
2. Alzheimer's Association.
3. American Academy of Allergy, Asthma and Immunology.
4. American Academy of Child and Adolescent Psychiatry.
5. American Academy of Dermatology.
6. American Academy of Neurology.
7. American Academy of Opthalmology.
8. American Academy of Orthopaedic Surgeons.
9. American Academy of Otolaryngology-Head and Neck Surgery, Inc.
10. American Academy of Pediatrics.
11. American Academy of Physical Medicine and Rehabilitation.
12. American Association for Cancer Education.
13. American Association for Cancer Research.
14. American Association for Dental Research.
15. American Association for the Surgery of Trauma.
16. American Association of Anatomists.
17. American Association of Colleges of Nursing.
18. American Association of Colleges of Osteopathic Medicine.
19. American Association of Colleges of Pharmacy.
20. American Association of Immunologists.
21. American Association of Pharmaceutical Scientists.

22. American Cancer Society.
23. American College of Cardiology.
24. American College of Clinical Pharmacology.
25. American College of Medical Genetics.
26. American College of Neuropsychopharmacology.
27. American College of Rheumatology.
28. American Dermatological Association.
29. American Federation for Medical Research.
30. American Foundation for AIDS Research.
31. American Gastroenterological Association.
32. American Geriatrics Society.
33. American Heart Association.
34. American Liver Foundation.
35. American Lung Association.
36. American Optometric Association.
37. American Pediatric Society.
38. American Physiological Society.
39. American Podiatric Medical Association.
40. American Psychiatric Association.
41. American Psychological Association.
42. American Psychological Society.
43. American Sleep Disorders Association.
44. American Society for Biochemistry and Molecular Biology.
45. American Society for Cell Biology.
46. American Society for Clinical Nutrition.
47. American Society for Clinical Pharmacology and Therapeutics.
48. American Society for Dermatologic Surgery.
49. American Society for Microbiology.
50. American Society for Nutritional Sciences.
51. American Society for Pharmacology and Experimental Therapeutics.
52. American Society for Reproductive Medicine.
53. American Society for Therapeutic Radiology and Oncology.
54. American Society of Cataract and Refractive surgery.
55. American Society of Clinical Oncology.
56. American Society of Hematology.
57. American Society of Human Genetics.
58. American Society of Nephrology.
59. American Society of Tropical Medicine and Hygiene.
60. American Thoracic Society.
61. American Uveitis Society.
62. American Urogynecologic Society.
63. American Urological Association.
64. America's Blood Centers.
65. Arthritic Foundation.
66. Association for Medical School Pharmacology.
67. Association of Research in Vision and Ophthalmology.
68. Association of Academic Health Centers.
69. Association of Academic Physiatrists.
70. Association of American Cancer Institutes.
71. Association of American Medical Colleges.
72. Association of American Universities.
73. Association of Anatomy, Cell Biology, and Neurobiology Chairpersons.
74. Association of Independent Research Institutes.
75. Association of Medical and Graduate Departments of Biochemistry.
76. Association of Medical School Microbiology and Immunology Chairs.
77. Association of Medical School Pediatric Department Chairmen.
78. Association of Minority Health Professions Schools.
79. Association of Pediatric Oncology Nurses.
80. Association of Professors of Dermatology.
81. Association of Professors of Medicine.
82. Association of Schools and Colleges of Optometry.
83. Association of Schools of Public Health.
84. Association of Subspecialty Professors.
85. Association of Teachers of Preventive Medicine.
86. Association of University Environmental Health Sciences Center.
87. Association of University Professors of Ophthalmology.
88. Association of University Programs in Occupational Safety and Health.
89. Association of University Radiologists.
90. Astra Merck.
91. Cancer Research Foundation of America.
92. The Candlelighters Childhood Cancer Foundation.
93. Citizens for Public Action.
94. Coalition for American Trauma Care.
95. Coalition of Patient Advocates for Skin Disease Research.
96. College on Problems of Drug Dependence, Inc.
97. Columbia University.
98. Communication Disorders Program University of Virginia.
99. Consortium of Social Science Associations.
100. Cooley's Anemia Foundation.
101. Corporation for the Advancement of Psychiatry.
102. Cystic Fibrosis Foundation.
103. Digestive Disease National Coalition.
104. Dystonia Medical Research Foundation.
105. Dystrophic Epidermolysis Bullosa Research Association of America, Inc.
106. East Carolina University School of Medicine.
107. Emory University.
108. The Endocrine Society.
109. ESA, Incorporated.
110. Families Against Cancer.
111. Federation of American Societies for Experimental Biology.
112. Federation of Behavioral, Psychological and Cognitive Sciences.
113. Foundation for Icthyosis and Related Skin Types.
114. Fred Hutchinson Cancer Research Center.
115. Friends of the National Library of Medicine.
116. Fox Chase Cancer Center.
117. Gay Men's Health Crisis.
118. General Clinical Research Center Project Directors Association.
119. Glaucoma Research Foundation.
120. Immune Deficiency Foundation.
121. Inova Institute of Research and Education.
122. Joint Council of Allergy, Asthma & Immunology.
123. Juvenile Diabetes Foundation International.
124. The Lighthouse, Inc.
125. Lombardi Cancer Center.
126. Lupus Foundation of America.
127. Lymphoma Research Foundation of America.
128. Medical Library Association.
129. National Alliance for Eye and Vision Research.
130. National Alliance for the Mentally Ill.
131. National Alopecia Areata Foundation.
132. National Association for Biomedical Research.
133. National Association for Pseudoxanthoma Elasticum.
134. National Association of Children's Hospitals.
135. National Association of State Universities and Land-Grant Colleges.
136. National Campaign to end Neurological Disorders.
137. National Caucus of Basic Biomedical Science Chairs.
138. National Coalition for Cancer Research.
139. National Committee to Preserve Social Security and Medicare.
140. National Council on Spinal Cord Injury.
141. National Eczema Association for Science & Education.
142. National Foundation for Ectodermal Dysplasias.
143. National Marfan Foundation.
144. National Mental Health Association.
145. National Multiple Sclerosis Society.
146. National Organization for Rare Disorders.
147. National Osteoporosis foundation.
148. The National Pemphigus Foundation.
149. National Perinatal Association.
150. National Psoriasis Foundation.
151. National Vitiligo Foundation, Incorporated.
152. New York University Medical Center.
153. Oncology Nursing Society.
154. Parkinson's Action Network.
155. Prevent Blindness America.
156. Prevention of Blindness.
157. PXE International Inc.
158. Radiation Research Society.
159. Research America.
160. Research Society on Alcoholism.
161. RESOLVE.
162. Roswell Park Cancer Institute.
163. Society for Academic Emergency Medicine.
164. Society for Inherited Metabolic Diseases.
165. Society for Society for Investigative Dermatology.
166. Society for Neuroscience.
167. Society for Pediatric Research.
168. Society for the Advancement of Women's Health Research.
169. Society of Gynecologic Oncologists.
170. Society of Medical College Directors of Continuing Medical Education.
171. Society of University Otolaryngologists.
172. Society of University Urologists.
173. St. Jude Children's Research Hospital.
174. Sudden Infant Death Syndrome Alliance.
175. Tourette Syndrome Association, Inc.
176. United Scleroderma Foundation, Incorporated.
177. University of California, Berkeley School of Optometry.
178. Women in Ophthalmology.
179. Women's Dermatologic Society.

Mr. HARKIN. Mr. President, today Senator MACK and I, joined by a strong bipartisan group of our colleagues, are introducing legislation that would prevent tobacco companies from claiming the settlement or judgement payments as a tax-deductible expense, and use the resulting savings to substantially expand our Nation's investment in the search for medical breakthroughs.

It is important to note that this common sense proposal is the first major tobacco legislation this year to be introduced with strong bipartisan support. We have 16 cosponsors—8 Democrats and 8 Republicans—and I believe we'll have many more as more of our colleagues have the time to review this bill. Senator MACK and I are also very pleased to have the support of over 170 organizations from across the Nation signed up in support of this plan.

During the negotiations that led to the proposed national tobacco settlement, lawyers for the big tobacco companies insisted on a provision stating

that ''all payments pursuant to this agreement shall be deemed ordinary and necessary business expenses.'' This means that all payments under this proposal, an estimated $368.5 billion over 25 years, would be tax deductible. Thus the industry could write off about 35 percent of the entire settlement payment of $368.5 billion, as well as any future payments or fines. So, if this were allowed to happen, the American people—not Big Tobacco—would be forced to pay approximately $130 billion of the tobacco settlement.

But the American people have paid enough. They've paid by having their kids deliberately targeted in slick advertising campaigns. They've paid by having the industry lie to them about the health effects of tobacco. And they've paid with disease and death.

Tobacco products kill more than 400,000 Americans every year—that's more deaths than from AIDS, alcohol, car accidents, murders, suicides, drugs, and fires combined. Last year, close to 5,000 Iowans died from smoking related illnesses.

Mr. President, our bipartisan bill would close this outrageous loophole in the proposed national tobacco settlement, and open a new source of funding for investing in health research.

And that's what we really need. The proposed settlement provides funding for smoking cessation programs, antismoking education programs, and FDA enforcement—but only a tiny amount is set aside for vital scientific research on lung cancer, emphysema, and heart disease.

The Senate is already on record, in a vote of 98–0, to double the budget of NIH within 5 years. If we create a trust fund for medical research as I have been calling for since 1993 and deposit in it the savings from the elimination of this special interest loophole, we could take a major step to meet the Senate's objective and make even more headway in curing killer diseases.

A fund for health research would provide additional resources for our search for medical breakthroughs over and above those provided to NIH in the annual appropriations process. The fund would greatly enhance the quality of health care by investing more in finding preventive measures, cures and more cost effective treatments for the major illnesses and conditions that strike Americans.

In 1993 and 1994 I argued that any health care reform plan should include additional funding for health research. Health care reform was taken off the front burner but the need to increase our Nation's commitment to health research has only grown.

While health care spending devours nearly $1 trillion annually our medical research budget is dying of starvation. The United States devotes less than 2 percent of its total health care budget to health research. The Defense Department spends 15 percent of its budget on research. Does this make sense? The cold war is over but the war against disease and disability continues.

Increased investment in health research is key to reducing health costs in the long run. If we can find cures for lung cancer, emphysema, and heart disease, the savings would be enormous.

Mr. President, I do everything I can to increase funding for NIH through the appropriations process. But, given the current budget situation and freeze in discretionary spending what we can do is limited. Without action, our investment in medical research through the NIH is likely to decline in real terms.

The NIH is able to fund only about 25 percent of competing research projects or grant applications deemed worthy of funding. This is compared to rates of 30 percent or more just over a decade ago. Science and cutting edge medical research are being put on hold. We may be giving up possible cures for diabetes, Parkinson's, cancer, and countless other diseases.

Our lack of investment in research may also be discouraging our young people from pursuing careers in medical research. The number of people under the age of 36 even applying for NIH grants dropped by 54 percent between 1985 and 1993. This is due to a host of factors but I'm afraid that the lower success rates among applicants is making biomedical research less and less attractive to young people.

I am tremendously heartened by the significant bipartisan coalition of 16 Senators that has formed in support of our bill. Our colleagues who have joined with us on this legislation understand that health research is an investment in our future—an investment in our children and grandchildren.

Mr. President, this legislation is common sense, bipartisan—and it's the right thing to do. Senator MACK and I join in asking our colleagues for their willingness to carefully review our proposal. Certainly any tobacco legislation that this Congress adopts next year should contribute significantly to our Nation's commitment in the search for medical breakthroughs.

Mr. DODD. Mr. President, I rise today to join my colleagues, Senator MACK, Senator HARKIN, and others in introducing the National Institutes of Health Trust Fund Act of 1997. This bill, very simply, is intended to ensure that payments made by the tobacco industry under any settlement legislation enacted by Congress on behalf of the people of this Nation, will be the full responsibility of the tobacco companies.

Many of us were dismayed to learn that under current law, those payments could be deducted by these companies as a business expense—effectively reducing the cost to manufacturers by one-third. I don't think that this is what the negotiators of the settlement intended, nor is it what the public expects. This bill would disallow the deductibility of the proposed settlement or the settlement of any other tobacco-related civil action. The tax revenues from the disallowance of the deduction, estimated at $100 billion, would go toward a trust fund for the National Institutes of Health.

My primary interest in the tobacco settlement originates in the dramatically high incidence of teen smoking in our country. The statistics are startling—3,000 young children begin smoking each day and over 90 percent of adults that smoke started before the age of 18. Our hope and expectation is that with resources generated by a tobacco settlement, we can fund effective programs to help addicted teens quit smoking and prevent most children from ever starting.

In essence, we want to encourage young people to take responsibility for their health. Tobacco companies must set a precedent for our youth by taking full financial responsibility for the damage they have inflicted on the public health of the Nation. Tobacco companies have already conceded the points that tobacco is harmful and addictive and information that would have been useful to our understanding of tobacco addition was withheld. Avoiding full payment of penalties for their actions through the tax deduction loophole is ethically wrong, even if legal. The tobacco industry needs to serve as an example for the children of the Nation by accepting the full financial consequences of the settlement.

Just a few months ago, the public loudly voiced its disgust with the covert attempt to give the tobacco industry a $50 billion credit toward payment of a future settlement. While we were successful in eliminating that loophole, an unfortunate repercussion has been the exacerbation of the public's doubts about the settlement. Even if they didn't before, many now believe that the industry will exploit any loophole to escape its responsibility. We must restore the public's faith in this process. We must send a clear message that any tobacco settlement reached will be grounded in the principle that tobacco companies take full responsibility for their actions. That objective can best be achieved by swift passage of this bill.

By Mr. SMITH of Oregon (for himself, Mrs. FEINSTEIN, Mr. WYDEN, Mr. BAUCUS and Mr. GORTON):

S. 1412. A bill to amend the Internal Revenue Code of 1986 to permit certain tax free corporate liquidations into a 501(c)(3) organization and to revise the unrelated business income tax rules regarding receipt of debt-financed property in such a liquidation; to the Committee on Finance.

THE CHARITABLE GIVING INCENTIVE ACT

Mr. SMITH of Oregon. Mr. President, I rise to introduce with Senator FEINSTEIN legislation that will provide incentives to taxpayers to use their wealth for charitable causes. In this era of ever-tightening fiscal constraints placed on congressional ability

to authorize discretionary funding, we have asked our communities to do more and more for those less fortunate. Charitable organizations in our communities have become an integral part of the safety net for the poor and homeless and significant sources of assistance for education in every community.

To help charities take advantage of those donors who wish to contribute significant wealth for charitable purposes, we are introducing the Charitable Giving Incentive Act. This legislation will change current tax law to encourage prospective donors to contribute a controlling interest in a closely-held corporation to charity.

When a donor is willing to make a gift of a controlling interest in a company, a tax is imposed on the corporation upon its liquidation, reducing the gift that the charity receives by 35 percent. The Smith/Feinstein bill would eliminate this egregious tax that is levied upon the value of these qualifying corporations. We sincerely hope that this will directly encourage meaningful contributions to charitable organizations that help a variety of causes. I ask that my colleagues support this legislation and look forward to its being considered by the Finance Committee in the near future.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1412

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Charitable Giving Incentive Act''.

SEC. 2. ELIMINATION OF CORPORATE LEVEL TAX UPON LIQUIDATION OF CLOSELY HELD CORPORATIONS UNDER CERTAIN CONDITIONS.

(a) IN GENERAL.—Paragraph (2) of section 337(b) of the Internal Revenue Code 1986 (relating to treatment of indebtedness of subsidiary, etc.) is amended—

(1) by striking ''Except as provided in subparagraph (B)'' in subparagraph (A) and inserting ''Except as provided in subparagraph (B) or (C)'', and

(2) by adding at the end the following new subparagraph:

''(C) EXCEPTION IN THE CASE OF CLOSELY-HELD STOCK ACQUIRED WITHOUT CONSIDERATION.—If the 80-percent distributee is an organization described in section 501(c)(3) and acquired stock in a liquidated domestic corporation from either a decedent (within the meaning of section 1014(b)) or the decedent's spouse, subparagraph (A) shall not apply to any distribution of property to the 80-percent distributee. This subparagraph shall apply only if all of the following conditions are met:

''(i) 80 percent or more of the stock in the liquidated corporation was acquired by the distributee, solely by a distribution from an estate or trust created by one or more qualified persons. For purposes of this clause, the term 'qualified person' means a citizen or individual resident of the United States, an estate (other than a foreign estate within the meaning of section 7701(a)(31)(A)), or any trust described in clause (i), (ii), or (iii) of section 1361(c)(2)(A).

''(ii) The liquidated corporation adopted its plan of liquidation on or after January 1, 1999.

''(iii) The 80-percent distributee is an organization created or organized under the laws of the United States or of any State.

''(iv) All of the stock in the liquidated corporation is non-readily-tradable stock (as defined in section 6166(b)(7)(B)).

Nothing in subsection (d) shall be construed to limit the application of this subsection in circumstances in which this subparagraph applies.''.

(b) REVISION OF UNRELATED BUSINESS INCOME TAX RULES TO EXEMPT CERTAIN ASSETS.—Subparagrph (B) of section 514(c)(2) of the Internal Revenue Code of 1986 (relating to property acquired subject to mortgage, etc.) is amended by inserting ''or pursuant to a liquidation described in section 337(b)(2)9C),'' after ''bequest or devise,''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

Mrs. FEINSTEIN. Mr. President, I rise today with my colleagues Senator GORDON SMITH and RON WYDEN of Oregon, as well Senator MAX BAUCUS and Senator SLADE GORTON to introduce legislation to strengthen tax incentives and encourage more charitable giving in America. The legislation, based on S. 1121 which I introduced last year, represents an important step to encourage greater private sector support for important educational, medical, and other goals in local communities across the country.

Americans are among the most caring in the world, contributing generously to charities in their communities: American families contribute, on average, nearly $650 for each household, or about $130 billion annually, to charities. Approximately, three out of every four households give to nonprofit charitable organizations.

However, charities are very concerned for the future, as Federal efforts to balance the budget will limit funds for social spending for urgent needs like children's services, homelessness, job training, and health care. While support for charities grew by 3.7 percent in 1994, contributions for human services, the area most closely associated with poverty programs, dropped by 6 percent. Nonprofit charities are very concerned about their ability to maintain their current level of services or grow to address unmet needs.

Nonprofit charities can never replace government programs, but they can play a critical role and provide vital social services. The Federal Government must ensure we are doing everything we can to encourage support for charities, which supplement Federal programs.

EXPANDING TAX INCENTIVES FOR CHARITABLE GIVING

The Federal Government must provide the leadership and the tools to encourage more charitable giving through the Tax Code. One source of untapped resources for charitable purposes is closely held corporate stock. A closely held business is a corporation, in which stock is issued to a small number shareholders, such as family members, but is not publicly traded on an exchange. This type of business is very popular for family businesses involving different generations.

However, the tax cost of contributing closely held stock to a charity or foundation can be prohibitively high. The tax burden discourages families and owners from winding down a business and contributing the proceeds to charity. This legislation would permit certain tax-free liquidations of closely held corporations into one or more tax exempt 501(c)(3) organizations.

Under current law, a corporation may have to be liquidated to effectively complete the transfer of assets to a charity, incurring a corporate tax at the 35 percent tax rate. In 1986, Congress repealed the ''General Utilities'' doctrine, imposing a corporate level tax on all corporate transfers, including those to tax exempt charitable organizations. A charity may also be subject to taxation on its unrelated business income from certain types of donated property.

These tax costs make contributions of closely held stock a costly and ineffective means of giving funds to a charity. If we are going to find new ways to strengthen charities, we need to review the tax costs which undercut the incentive to give and the value of a charitable gift.

Volunteers are already hard at work in their communities and charitable funding is already stretched dangerously thin. Charities need added tools to unlock the public's desire to give generously. We need to create appropriate incentives for the private sector to do more.

In California, volunteer and charitable organizations, together, perform vital roles in the community and deserve our support. I would like to offer some examples, which can be also found throughout the country:

Summer Search: In San Francisco, the Summer Search Foundation is hard at work preventing students from dropping out of high school. Summer Search helps students successfully complete school and, for 93 percent of the participants, go on to college. With increased charitable contributions, Summer Search could help keep kids in school and on track toward graduation and a more productive contribution to the Nation.

Drew Center for Child Development: I am deeply concerned with increases in the number of child abuse and neglect cases, which now total nearly 3 million children in the United States. Social services block grants cuts will impose new burdens on local communities. The Drew Child Development Center, located in the Watts area of Los Angeles, works directly with children and families involved in child abuse environments. There are thousands of other families that could benefit from the Drew Center program if only more resources were available. Stronger tax

incentives to boost charitable giving could provide the Drew Center with some of the resources needed to combat this enormous problem.

The Chrysalis Center: In 1993 I visited the Chrysalis Center, a Los Angeles organization dedicated to helping homeless individuals find and keep jobs. Chrysalis provides employment assistance, from training in jobseeking skills to supervised searches for permanent employment. The Center has helped place thousands of people in permanent, full-time jobs in the last decade.

Jobs for the Homeless: Jobs for the Homeless assists with job placement services for the homeless in Berkeley and Oakland, supporting over 1,400 men and women. However, thousands more need their help. The former homeless individuals have landed successful positions in manufacturer, retailers, and small and large businesses. Without more contributions, Jobs for the Homeless will be unable to provide the necessary support and increase their literacy or drug rehabilitation programs, critical ingredients in moving people back to work.

Today, Senators SMITH, WYDEN, BAUCUS, GORTON, and I introduce tax incentive legislation to encourage stronger support for the Nation's vital charities. The proposal: Eliminates the corporate tax upon liquidation of a qualifying closely held corporation under certain circumstances. The legislation would require 80 percent or more of the stock to be dedicated to a charity; and clarifies that a charity can receive mortgaged property in a qualified liquidation, without triggering unrelated business income tax for 10 years.

By eliminating the corporate tax upon liquidation, Congress would encourage additional, and much needed, charitable gifts. Across America, countless thousands have built successful careers and have generated substantial wealth in closely held corporations. As the individuals age and plan their estates, we should help them channel their wealth to philanthropic goals. Individuals who are willing to make generous bequests of companies and assets, often companies they have spent years building, should not be discouraged by substantially reducing the value of their gifts through Federal taxes.

While the Joint Tax Committee has not yet prepared an official revenue cost, previous estimates suggest a cost of about $400 million over 5 years. However, as a result of capital gains tax reform adopted earlier this year, the cost if likely to be significantly lower. Of equal significance, the same revenue estimating assumptions project big increases in charitable giving as a result of the legislation, stimulating between $3 and 5 billion in charitable contributions. This tax proposal may generate as much as seven or eight times its projected revenue loss in expanded charitable giving.

I encourage others to review this legislation and listen to the charities in your community. The legislation has been endorsed by the Council on Foundations, which represents foundations throughout the country, and the Council of Jewish Federations. Since the introduction of the legislation last year, the proposal has been revised to sharpen the bill's focus and target the legislation in the most effective manner. I want to encourage the review process to continue, so we may continue to build support and target the bill's impact for the benefit of the Nation's nonprofit community.

With virtually limitless need, we must look at new ways to encourage and nurture a strong charitable sector. Private charities cannot replace the government, but if the desire to support charitable activity exists, we should not impose taxes to decrease the value of that support. Tax laws should encourage, rather than impede, charitable giving. By inhibiting charitable gifts, Federal tax laws hurt those individuals that most need the help of their government and theie community.

By Mr. LUGAR (for himself, Mr. HAGEL, Mr. ROBERTS, Mr. THOMAS, Mr. GRAMS, Mr. KERREY, Mrs. FEINSTEIN, and Mr. CHAFEE):

S. 1413. A bill to provide a framework for consideration by the legislative and executive branches of unilateral economic sanctions; to the Committee on Foreign Relations.

THE ENHANCEMENT OF TRADE, SECURITY, AND HUMAN RIGHTS THROUGH SANCTIONS REFORM ACT

Mr. LUGAR. Mr. President, I rise to introduce the Enhancement of Trade, Security, and Human Rights Through Sanctions Reform Act, a bill that will establish a more deliberative, commonsense approach to U.S. sanctions policy. I'm pleased to be joined by several distinguished colleagues, in introducing this important piece of legislation.

In recent years, there has been a proliferation in the use of unilateral economic sanctions as a tool of American foreign policy. While unilateral sanctions may be a low cost alternative to the deployment of American Armed Forces abroad—or to milder, less coercive choices—they almost never succeed in achieving their foreign policy objectives. They frequently impose a greater burden on American companies, producers, farmers, and workers than on the intended target country.

A cardinal test of foreign policy is that when we act internationally, our actions should do less harm to ourselves than to others. Unilateral economic sanctions, unfortunately, often fail this crucial test.

Mr. President, there have been a large number of studies on unilateral economic sanctions in recent years and they provide some interesting results. Manufacturers revealed that in the period 1993 to 1996, the United States imposed unilateral sanctions to achieve foreign policy goals 61 times in 35 different countries. Last year, the report of the President's Export Council cited 75 countries representing 52 percent of the world's population that have been subject to or threatened by U.S. unilateral economic sanctions.

These actions have jeopardized billions in export earnings and hundreds of thousands of American jobs, while weakening our ability to provide humanitarian assistance abroad. In another study, the Institute for International Economics concluded that, in 1995 alone, economic sanctions cost U.S. exports—to 26 countries—between $15–19 billion, and eliminated upwards to 200,000 U.S. jobs, many in high wage export sector.

The damage to the U.S. economy can have long-term consequences. Once foreign competitors establish a presence in international markets abandoned by the United States, the potential losses begin to magnify. Over time, the cumulative effect of sanctions will be a loss of commercial contracts, but more importantly, may be a loss of confidence in American suppliers and in the United States as a reliable partner to do business. Frequent resort to economic sanctions, however, meritorious they may be, runs the risk of weakening the export sector which has contributed so greatly to our economic prosperity. This weakening effect can, in turn, have an adverse effect on our political influence abroad.

The major difficulty with our increased use of unilateral economic sanctions is that they rarely achieve the foreign policy goals they are intended to achieve. Sanctions frequently give the illusion of action by substituting for more decisive action or by serving as a palliative for those who demand that some action be taken—any action—by the United States against another country with whom we have a disagreement.

Sanctions can also make it more difficult diplomatically to engage foreign governments in dialogue to help bring about a political opening or a change in behavior. Serious trade sanctions can, in fact, inhibit, rather than facilitate, constructive dialogue with others.

As a nation, we often seek instant gratification or quick results from our actions. Sanctions, however, take a long time to work and the change in behavior we seek in other countries will most often take place incrementally over time. In some cases, our sanctions have the unintended consequences of providing authoritarian leaders a basis for increasing their political support and rally opposition to the United States because our sanctions can be used to divert popular anger and resentment away from their own mis-deeds and mis-rule.

Unilateral sanctions almost never help those we want to assist, they frequently harm the United States more than the sanctioned country and undermine our international economic

competitiveness and economic security. Most regrettably, unilateral sanctions have become a policy of first choice when other policy alternatives exist.

Nonetheless, some economic sanctions are effective and, therefore, must remain a tool of American foreign policy. Multilateral, unlike unilateral, sanctions have frequently advanced American national interests. The multilateral sanctions against Saddam Hussein following Iraq's aggression against Kuwait have slowed down Iraq's weapons of mass destruction program. Similarly, international sanctions aimed at Serbia and the Federal Republic of Yugoslavia functioned to isolate them diplomatically and protect United States and allied interests in the Balkans. The international sanctions against apartheid in South Africa in the 1980's had a significant influence on bringing about a nonviolent peaceful transition in that country.

Finally, the broad consensus to oppose Soviet expansion through export restraints on East-West trade in the Coordinating Committee, or CoCom, proved to be enormously effective. Most economic sanctions, whether unilateral or multilateral, must be in place for a long time before they are effective and their success will almost always be dependent upon extensive multilateral cooperation and compliance.

Nothing in our proposed legislation prohibits unilateral economic sanctions. There are situations where other foreign policy options have been exhausted and where the actions of others are so outrageous or so threatening to the United States and our national interests that our response, short of the use of force, must be firm and unambiguous. In such instances, economic sanctions may be a useful instrument of American foreign policy.

Mr. President, my proposed legislation is prospective. It will not affect existing U.S. sanctions. It will apply only to unilateral sanctions and to those sanctions intended to achieve foreign policy or national security objectives. It would exclude, by definition, U.S. trade laws, Jackson-Vanik and munitions list controls. It would not address the complex and important issue of state and local sanctions designed to achieve foreign policy goals, although these so-called vertical sanctions are increasingly important features of American foreign policy.

More specifically, Mr. President, this legislation seeks to establish clear guidelines and informational requirements to help us understand better the likely consequences of our actions before we opt to impose economic sanctions. We should know in advance of voting on sanctions legislation what our goals are, the anticipated economic, political and humanitarian benefits and costs to the United States and other countries, the possible impact on our reputation as a reliable supplier, the other policy options that have been explored, and whether the proposed sanctions are likely to contribute to achieving the foreign policy objectives sought by legislation. Comparable requirements are also in the bill for sanctions mandated by the executive branch.

Once sanctions are implemented, the bill also requires an annual report from the President detailing the degree to which sanctions have accomplished U.S. goals, as well as their impact on our economic, political and humanitarian interests, including our relations with other countries.

The bill also provides for more active and timely consultations between Congress and the President. It provides Presidential waiver authority in emergencies or if he determines it is in the national interest.

It includes a sunset provision that would terminate unilateral economic sanctions after 2 years duration unless the Congress or the President acts to reauthorize them.

It includes language on contract sanctity to help ensure the United States is a reliable supplier.

It identifies U.S. agriculture as an especially vulnerable sector of our economy that has borne a disproportionate burden stemming from U.S. economic sanctions. Because of this, there is discretionary authority for agricultural assistance in the bill. In addition, the bill opposes agricultural embargoes as a foreign policy weapon and urges that economic sanctions be targeted as narrowly as possible in order to minimize harm to innocent people and humanitarian activities.

Mr. President, my sanctions reform bill represents an attempt to develop an improved and comprehensive approach to an important foreign policy issue. We, in the Congress, are often called upon to make difficult choices between conflicting interests or among our core values as a nation and our international interests.

These are frequently hard choices that should be given careful attention and preceded by careful analysis. We should never turn our back on our fundamental values of supporting democracy, human rights, and basic freedoms abroad but we should ask whether we can alter the behavior of other countries by imposing sanctions on them. Many times we cannot do so and many times we exacerbate the very behavior we hope to reverse. There is no magic formula for influencing the behavior of other countries, but unilateral economic sanctions are rarely the answer.

Nothing in this bill prevents the imposition of U.S. unilateral economic sanctions or dictates a particular trade-off between American core values and our commercial and other interests. The steps detailed in this bill provide for better policy procedures so that consideration of economic sanctions are preceded by a more deliberative process by which the President and the Congress can make reasoned and balanced choices affecting the totality of American values and interests.

Mr. President, I feel strongly about this issue. I hope my colleagues will join the other original cosponsors by taking a close look at this legislation. I welcome their support and believe that if we deal with the sanctions issues in a careful and systematic manner, we can make a significant positive contribution to our national interest.

Mr. President, I ask unanimous consent that additional material be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1413

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Enhancement of Trade, Security, and Human Rights through Sanctions Reform Act''.

SEC. 2. PURPOSE.

It is the purpose of this Act to establish an effective framework for consideration by the legislative and executive branches of unilateral economic sanctions.

SEC. 3. STATEMENT OF POLICY.

It is the policy of the United States—

(1) to pursue United States interests through vigorous and effective diplomatic, political, commercial, charitable, educational, cultural, and strategic engagement with other countries, while recognizing that the national security interests of the United States may sometimes require the imposition of economic sanctions on other countries;

(2) to foster multilateral cooperation on vital matters of United States foreign policy, including promoting human rights and democracy, combating international terrorism, proliferation of weapons of mass destruction, and international narcotics trafficking, and ensuring adequate environmental protection;

(3) to promote United States economic growth and job creation by expanding exports of goods, services, and agricultural commodities, and by encouraging investment that supports the sale abroad of products and services of the United States;

(4) to maintain the reputation of United States businesses and farmers as reliable suppliers to international customers of quality products and services, including United States manufactures, technology products, financial services, and agricultural commodities;

(5) to avoid the use of restrictions on exports of agricultural commodities as a foreign policy weapon;

(6) to oppose policies of other countries designed to discourage economic interaction with countries friendly to the United States or with any United States national, and to avoid use of such measures as instruments of United States foreign policy; and

(7) when economic sanctions are necessary—

(A) to target them as narrowly as possible on those foreign governments, entities, and officials that are responsible for the conduct being targeted, thereby minimizing unnecessary or disproportionate harm to individuals who are not responsible for such conduct; and

(B) to the extent feasible, to avoid any adverse impact of economic sanctions on the humanitarian activities of United States and foreign nongovernmental organizations in a country against which sanctions are imposed.

SEC. 4. DEFINITIONS.

As used in this Act:

(1) UNILATERAL ECONOMIC SANCTION.—

(A) IN GENERAL.—The term ''unilateral economic sanction'' means any restriction or condition on economic activity with respect to a foreign country or foreign entity that is imposed by the United States for reasons of foreign policy or national security, including any of the measures described in subparagraph (B), except in a case in which the United States imposes the measure pursuant to a multilateral regime and the other members of that regime have agreed to impose substantially equivalent measures.

(B) PARTICULAR MEASURES.—The measures referred to in subparagraph (A) are the following:

(i) The suspension, restriction, or prohibition of exports or imports of any product, technology, or service to or from a foreign country or entity.

(ii) The suspension of, or any restriction or prohibition on, financial transactions with a foreign country or entity.

(iii) The suspension of, or any restriction or prohibition on, direct or indirect investment in or from a foreign country or entity.

(iv) The imposition of increased tariffs on, or other restrictions on imports of, products of a foreign country or entity, including the denial, revocation, or conditioning of nondiscriminatory (most-favored-nation) trade treatment.

(v) The suspension of, or any restriction or prohibition on—

(I) the authority of the Export-Import Bank of the United States to give approval to the issuance of any guarantee, insurance, or extension of credit in connection with the export of goods or services to a foreign country or entity;

(II) the authority of the Trade and Development Agency to provide assistance in connection with projects in a foreign country or in which a particular foreign entity participates; or

(III) the authority of the Overseas Private Investment Corporation to provide insurance, reinsurance, financing, or conduct other activities in connection with projects in a foreign country or in which a particular foreign entity participates.

(vi) A requirement that the United States representative to an international financial institution vote against any loan or other utilization of funds to, for, or in a foreign country or particular foreign entity.

(vii) A measure imposing any restriction or condition on economic activity on any foreign government or entity on the ground that such government or entity does business in or with a foreign country.

(viii) A measure imposing any restriction or condition on economic activity on any person that is a national of a foreign country, or on any government or other entity of a foreign country, on the ground that the government of that country has not taken measures in cooperation with, or similar to, sanctions imposed by the United States on a third country.

(ix) The suspension of, or any restriction or prohibition on, travel rights or air transportation to or from a foreign country.

(x) Any restriction on the filing or maintenance in a foreign country of any proprietary interest in intellectual property rights (including patents, copyrights, and trademarks), including payment of patent maintenance fees.

(C) MULTILATERAL REGIME.—As used in this paragraph, the term ''multilateral regime'' means an agreement, arrangement, or obligation under which the United States cooperates with other countries in restricting commerce for reasons of foreign policy or national security, including—

(i) obligations under resolutions of the United Nations;

(ii) nonproliferation and export control arrangements, such as the Australia Group, the Nuclear Supplier's Group, the Missile Technology Control Regime, and the Wassenaar Arrangement;

(iii) treaty obligations, such as under the Chemical Weapons Convention, the Treaty on the Non-Proliferation of Nuclear Weapons, and the Biological Weapons Convention; and

(iv) agreements concerning protection of the environment, such as the International Convention for the Conservation of Atlantic Tunas, the Declaration of Panama referred to in section 2(a)(1) of the International Dolphin Conservation Act (16 U.S.C. 1361 note), the Convention on International Trade in Endangered Species, the Montreal Protocol on Substances that Deplete the Ozone Layer, and the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes.

(D) FINANCIAL TRANSACTION.—As used in this paragraph, the term ''financial transaction'' has the meaning given that term in section 1956(c)(4) of title 18, United States Code.

(E) INVESTMENT.—As used in this paragraph, the term ''investment'' means any contribution or commitment of funds, commodities, services, patents, or other forms of intellectual property, processes, or techniques, including—

(i) a loan or loans;

(ii) the purchase of a share of ownership;

(iii) participation in royalties, earnings, or profits; and

(iv) the furnishing or commodities or services pursuant to a lease or other contract.

(F) EXCLUSIONS.—The term ''unilateral economic sanction'' does not include—

(i) any measure imposed to remedy unfair trade practices or to enforce United States rights under a trade agreement, including under section 337 of the Tariff Act of 1930, title VII of that Act, title III of the Trade Act of 1974, sections 1374 and 1377 of the Omnibus Trade and Competitiveness Act of 1988 (19 U.S.C. 3103 and 3106), and section 3 of the Act of March 3, 1933 (41 U.S.C. 10b–1);

(ii) any measure imposed to remedy market disruption or to respond to injury to a domestic industry for which increased imports are a substantial cause or threat thereof, including remedies under sections 201 and 406 of the Trade Act of 1974, and textile import restrictions (including those imposed under section 204 of the Agricultural Act of 1956 (7 U.S.C. 1784));

(iii) any action taken under title IV of the Trade Act of 1974, including the enactment of a joint resolution under section 402(d)(2) of that Act;

(iv) any measure imposed to restrict imports of agricultural commodities to protect food safety or to ensure the orderly marketing of commodities in the United States, including actions taken under section 22 of the Agricultural Adjustment Act (7 U.S.C. 624);

(v) any measure imposed to restrict imports of any other products in order to protect domestic health or safety;

(vi) any measure authorized by, or imposed under, a multilateral or bilateral trade agreement to which the United States is a signatory, including the Uruguay Round Agreements, the North American Free Trade Agreement, the United States-Israel Free Trade Agreement, and the United States-Canada Free Trade Agreement; and

(vii) any export control imposed on any item on the United States Munitions List.

(2) NATIONAL EMERGENCY.—The term ''national emergency'' means any unusual or extraordinary threat, which has its source in whole or substantial part outside the United States, to the national security, foreign policy, or economy of the United States.

(3) AGRICULTURAL COMMODITY.—The term ''agricultural commodity'' has the meaning given that term in section 102(1) of the Agricultural Trade Act of 1978 (7 U.S.C. 5602(1)).

(4) APPROPRIATE COMMITTEES.—The term ''appropriate committees'' means the Committee on Agriculture, the Committee on International Relations, the Committee on Ways and Means, and the Committee on Banking and Financial Services of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry, the Committee on Finance, and the Committee on Foreign Relations of the Senate.

(5) CONTRACT SANCTITY.—The term ''contract sanctity'', with respect to a unilateral economic sanction, refers to the inapplicability of the sanction to—

(A) a contract or agreement entered into before the sanction is imposed, or to a valid export license or other authorization to export; and

(B) actions taken to enforce the right to maintain intellectual property rights, in the foreign country against which the sanction is imposed, which existed before the imposition of the sanction.

SEC. 5. GUIDELINES FOR UNILATERAL ECONOMIC SANCTIONS LEGISLATION.

Any bill or joint resolution that imposes any unilateral economic sanction, or authorizes the imposition of any unilateral economic sanction by the executive branch, and is considered by the House of Representatives or the Senate, should—

(1) state the foreign policy or national security objective or objectives of the United States that the economic sanction is intended to achieve;

(2) provide that the economic sanction terminate 2 years after it is imposed, unless specifically reauthorized by Congress;

(3) provide for contract sanctity;

(4) provide authority for the President both to adjust the timing and scope of the sanction and to waive the sanction, if the President determines it is in the national interest to do so;

(5)(A) target the sanction as narrowly as possible on foreign governments, entities, and officials that are responsible for the conduct being targeted; and

(B) seek to minimize any adverse impact on the humanitarian activities of United States and foreign nongovernmental organizations in any country against which the sanction may be imposed; and

(6) provide, to the extent that the Secretary of Agriculture or the Congressional Budget Office finds that—

(A) the proposed sanction is likely to restrict exports of any agricultural commodity or is likely to result in retaliation against exports of any agricultural commodity from the United States, and

(B) the sanction is proposed to be imposed, or is likely to be imposed, on a country or countries that constituted, in the preceding calendar year, the market for more than 3 percent of all export sales from the United States of an agricultural commodity,

that the Secretary of Agriculture expand agricultural export assistance under United States market development, food assistance, or export promotion programs to offset the likely damage to incomes of producers of the affected agricultural commodity or commodities, to the maximum extent permitted by the obligations of the United States under the Agreement on Agriculture referred to in section 101(d)(2) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(2)).

SEC. 6. REQUIREMENTS FOR BILL OR JOINT RESOLUTION.

(a) PUBLIC COMMENT.—Before considering a bill or joint resolution that imposes any unilateral economic sanction, or authorizes the imposition of any unilateral economic sanction by the executive branch, the committee of primary jurisdiction shall publish a notice which provides an opportunity for interested members of the public to submit comments to the committee on the proposed sanction.

(b) WHEN REPORTS REQUESTED.—The committee of primary jurisdiction that orders reported a bill or joint resolution described in section 5 shall timely request from the President and the Secretary of Agriculture the reports identified in subsection (c). Each such report that has been timely submitted prior to the filing of the committee report accompanying the bill or joint resolution shall be included in the committee report. The committee report shall also contain, if the bill or joint resolution does not meet any of the guidelines specified in paragraphs (1) through (6) of section 5, an explanation of why it does not.

(c) REPORTS.—

(1) REPORT BY THE PRESIDENT.—The President's report to Congress under subsection (b) shall contain—

(A) an assessment of—

(i) the likelihood that the proposed unilateral economic sanction will achieve its stated objective within a reasonable period of time; and

(ii) the impact of the proposed unilateral economic sanction on—

(I) humanitarian conditions, including the impact on conditions in any specific countries on which the sanction is proposed to be or may be imposed;

(II) humanitarian activities of United States and foreign nongovernmental organizations;

(III) relations with United States allies;

(IV) other United States national security and foreign policy interests; and

(V) countries and entities other than those on which the sanction is proposed to be or may be imposed;

(B) a description and assessment of—

(i) diplomatic and other steps the United States has taken to accomplish the intended objectives of the unilateral sanction legislation;

(ii) the likelihood of multilateral adoption of comparable measures;

(iii) comparable measures undertaken by other countries;

(iv) alternative measures to promote the same objectives, and an assessment of their potential effectiveness;

(v) any obligations of the United States under international treaties or trade agreements with which the proposed sanction may conflict;

(vi) the likelihood that the proposed sanction will lead to retaliation against United States interests, including agricultural interests; and

(vii) whether the achievement of the objectives of the proposed sanction outweighs any likely costs to United States foreign policy, national security, economic, and humanitarian interests, including any potential harm to United States business, agriculture, and consumers, and any potential harm to the international reputation of the United States as a reliable supplier of products, technology, agricultural commodities, and services.

(2) REPORT BY THE SECRETARY OF AGRICULTURE.—The Secretary of Agriculture shall submit to the appropriate committees a report which shall contain an assessment of—

(A) the extent to which any country or countries proposed to be sanctioned or likely to be sanctioned are markets that accounted for, in the preceding calendar year, more than 3 percent of all export sales from the United States of any agricultural commodity;

(B) the likelihood that exports of agricultural commodities from the United States will be affected by the proposed sanction or by retaliation by any country proposed to be sanctioned or likely to be sanctioned, and specific commodities which are most likely to be affected;

(C) the likely effect on incomes of producers of the specific commodities identified by the Secretary;

(D) the extent to which the proposed sanction would permit foreign suppliers to replace United States suppliers; and

(E) the likely effect of the proposed sanction on the reputation of United States farmers as reliable suppliers of agricultural commodities in general, and of the specific commodities identified by the Secretary.

(3) FEDERAL PRIVATE SECTOR MANDATE.—

(A) IN GENERAL.—Any bill or joint resolution that imposes any unilateral economic sanction described in section 5 shall be considered to include a Federal private sector mandate for purposes of part B of title IV of the Congressional Budget Act of 1974.

(B) REPORT BY THE CONGRESSIONAL BUDGET OFFICE.—The report by the Congressional Budget Office pursuant to subparagraph (A) shall include an assessment of the likely short-term and long-term costs of the proposed sanction to the United States economy, including the potential impact on United States trade performance, employment, and growth, the international reputation of the United States as a reliable supplier of products, agricultural commodities, technology, and services, and the economic well-being and international competitive position of United States industries, firms, workers, farmers, and communities.

SEC. 7. REQUIREMENTS FOR EXECUTIVE ACTION.

(a) IN GENERAL.—The President may implement a unilateral economic sanction under any provision of law not less than 60 days after announcing his intention to do so.

(b) CONSULTATION.—The President shall consult with the appropriate committees regarding the proposed unilateral economic sanction, including consultations regarding efforts to achieve or increase multilateral cooperation on the issues or problems prompting the proposed sanction.

(c) PUBLIC HEARINGS; RECORD.—The President shall publish a notice in the Federal Register of the opportunity for interested persons to submit comments on the proposed unilateral economic sanction.

(d) GUIDELINES FOR EXECUTIVE BRANCH SANCTIONS.—Any unilateral economic sanction imposed by the President—

(1) shall—

(A) include a clear finding that the sanction is likely to achieve a specific United States foreign policy or national security objective within a reasonable period of time, which shall be specified, and that the achievement of the objectives of the sanction outweighs any costs to United States national interests;

(B) provide for contract sanctity;

(C) terminate not later than 2 years after the sanction is imposed, unless specifically extended by the President in accordance with the procedures of this section;

(D)(i) be targeted as narrowly as possible on foreign governments, entities, and officials that are responsible for the conduct being targeted; and

(ii) seek to minimize any adverse impact on the humanitarian activities of United States and foreign nongovernmental organizations in a country against which the sanction may be imposed; and

(2) should provide, to the extent that the Secretary of Agriculture finds that—

(A) a unilateral economic sanction is likely to restrict exports of any agricultural commodity from the United States or is likely to risk retaliation against exports of any agricultural commodity from the United States, and

(B) the sanction is proposed to be imposed, or is likely to be imposed, on a country or countries that constituted, in the preceding calendar year, the market for more than 3 percent of all export sales from the United States of an agricultural commodity,

that the Secretary of Agriculture expand agricultural export assistance under United States market development, food assistance, or export promotion programs to offset the likely damage to incomes of producers of the affected agricultural commodity or commodities, to the maximum extent permitted by law and by the obligations of the United States under the Agreement on Agriculture referred to in section 101(d)(2) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(2)).

(e) REPORT BY THE PRESIDENT.—Prior to imposing any unilateral economic sanction, the President shall provide a report to the appropriate committees on the proposed sanction. The report shall include the report of the International Trade Commission under subsection (g) (if timely submitted prior to the filing of the report). The President's report shall contain the following:

(1) An explanation of the foreign policy or national security objective or objectives intended to be achieved through the proposed sanction.

(2) An assessment of—

(A) the likelihood that the proposed unilateral economic sanction will achieve its stated objectives within the stated period of time; and

(B) the impact of the proposed unilateral economic sanction on—

(i) humanitarian conditions, including the impact on conditions in any specific countries on which the sanctions are proposed to be imposed;

(ii) humanitarian activities of United States and foreign nongovernmental organizations;

(iii) relations with United States allies;

(iv) other United States national security and foreign policy interests; and

(v) countries and entities other than those on which the sanction is proposed to be imposed.

(3) A description and assessment of—

(A) diplomatic and other steps the United States has taken to accomplish the intended objectives of the proposed sanction;

(B) the likelihood of multilateral adoption of comparable measures;

(C) comparable measures undertaken by other countries;

(D) alternative measures to promote the same objectives, and an assessment of their potential effectiveness;

(E) any obligations of the United States under international treaties or trade agreements with which the proposed sanction may conflict;

(F) the likelihood that the proposed sanction will lead to retaliation against United States interests, including agricultural interests; and

(G) whether the achievement of the objectives of the proposed sanction outweighs any likely costs to United States foreign policy, national security, economic, and humanitarian interests, including any potential harm to United States business, agriculture, and consumers, and any potential harm to the international reputation of the United States as a reliable supplier of products, technology, agricultural commodities, and services.

(f) REPORT BY THE SECRETARY OF AGRICULTURE.—Prior to the imposition of a unilateral economic sanction by the President, the Secretary of Agriculture shall submit to the appropriate committees a report which shall contain an assessment of—

(1) the extent to which any country or countries proposed to be sanctioned are markets that accounted for, in the preceding calendar year, more than 3 percent of all export sales from the United States of any agricultural commodity;

(2) the likelihood that exports of agricultural commodities from the United States will be affected by the proposed sanction or by retaliation by any country proposed to be sanctioned, including specific commodities which are most likely to be affected;

(3) the likely effect on incomes of producers of the specific commodities identified by the Secretary;

(4) the extent to which the proposed sanction would permit foreign suppliers to replace United States suppliers; and

(5) the likely effect of the prosed sanction on the reputation of United States farmers as reliable suppliers of agricultural commodities in general, and of the specific commodities identified by the Secretary.

(g) REPORT BY THE UNITED STATES INTERNATIONAL TRADE COMMISSION.—Before imposing a unilateral economic sanction, the President shall make a timely request to the United States International Trade Commission for a report on the likely short-term and long-term costs of the proposed sanction to the United States economy, including the potential impact on United States trade performance, employment, and growth, the international reputation of the United States as a reliable supplier of products, agricultural commodities, technology, and services, and the economic well-being and international competitive position of United States industries, firms, workers, farmers, and communities.

(h) WAIVER IN CASE OF NATIONAL EMERGENCY.—The President may waive any of the requirements of subsections (a), (b), (c), (e), (f), and (g), in the event that the President determines that there exists a national emergency that requires the exercise of the waiver. In the event of such a waiver, the requirements waived shall be met during the 60-day period immediately following the imposition of the unilateral economic sanction, and the sanction shall terminate 90 days after being imposed unless such requirements are met. The President may waive any of the requirements of paragraphs (1)(B), (1)(D), and (2) of subsection (d) in the event that the President determines that the unilateral economic sanction is related to actual or imminent armed conflict involving the United States.

(i) SANCTIONS REVIEW COMMITTEE.—The President shall establish a Sanctions Review Committee to coordinate United States policy regarding unilateral economic sanctions and to provide appropriate recommendations to the President prior to decisions regarding such sanctions. The Committee shall be comprised of—

(1) the Secretary of State;

(2) the Secretary of the Treasury;

(3) the Secretary of Defense;

(4) the Secretary of Agriculture;

(5) the Secretary of Commerce;

(6) the Secretary of Energy;

(7) the United States Trade Representative;

(8) the Director of the Office of Management and Budget;

(9) the Chairman of the Council of Economic Advisers;

(10) the Assistant to the President for National Security Affairs; and

(11) the Assistant to the President for Economic Policy.

(j) INAPPLICABILITY OF OTHER PROVISIONS.—This section applies notwithstanding any other provision of law.

SEC. 8. ANNUAL REPORTS.

(a) ANNUAL REPORT.—Not later than 6 months after the date of enactment of this Act, and annually thereafter, the President shall submit to the appropriate committees a report detailing with respect to each country or entity against which a unilateral economic sanction has been imposed—

(1) the extent to which the sanction has achieved foreign policy or national security objectives of the United States with respect to that country or entity;

(2) the extent to which the sanction has harmed humanitarian interests in that country, the country in which that entity is located, or in other countries; and

(3) the impact of the sanction on other national security and foreign policy interests of the United States, including relations with countries friendly to the United States, and on the United States economy.

(b) REPORT BY THE UNITED STATES INTERNATIONAL TRADE COMMISSION.—Not later than 6 months after the date of enactment of this Act, and annually thereafter, the United States International Trade Commission shall report to the appropriate committees on the costs, individually and in the aggregate, of all unilateral economic sanctions in effect under United States law, regulation, or Executive order. The calculation of such costs shall include an assessment of the impact of such measures on the international reputation of the United States as a reliable supplier of products, agricultural commodities, technology, and services.

ENHANCEMENT OF TRADE, SECURITY AND HUMAN RIGHTS THROUGH SANCTIONS REFORM ACT—SECTION-BY-SECTION ANALYSIS

Section 1: Short Title. The act may be cited as the ''Enhancement of Trade, Security and Human Rights through Sanctions Reform Act.''

Section 2: Purpose. The purpose of the Act is to establish an effective framework for consideration of unilateral economic sanctions.

Section 3: Statement of Policy. This section sets forth U.S. policy to pursue American security, trade, and humanitarian interests through broad-ranging engagement with other countries, while recognizing the need at times to impose sanctions as a last resort. It supports multilateral cooperation as an alternative to unilateral U.S. sanctions. It seeks to promote U.S. economic growth through trade and to maintain America's reputation as a reliable supplier. It opposes boycotts and use of agricultural embargoes as a foreign policy weapon. It urges that economic sanctions be targeted as narrowly as possible, to minimize harm to innocent people or to humanitarian activities.

Section 4: Definitions. This section defines ''unilateral economic sanction'' as any restriction or condition on economic activity with respect to a foreign country or entity imposed for reasons of foreign policy or national security. This definition excludes multilateral sanctions, where other countries have agreed to adopt ''substantially equivalent'' measures. The definition also excludes U.S. trade laws, Jackson-Vanik, and munitions list controls. This section also defines the terms ''national emergency,'' ''agricultural commodity,'' ''appropriate committees,'' and ''contract sanctity.''

Section 5: Guidelines for Unilateral Economic Sanctions Legislation. This section provides that any bill or joint resolution imposing or authorizing a unilateral economic sanction should state the U.S. foreign policy or national security objective, sunset after two years unless specifically reauthorized, protect contract sanctity, provide Presidential authority to adjust or waive the sanction in the national interest, target the sanction as narrowly as possible against the parties responsible for the offending conduct, and provide for expanded export promotion if sanctions target a major export market for American farmers.

Section 6: Requirements for Report Accompanying the Bill. The committee reporting sanctions legislation shall request reports from the President and Secretary of Agriculture. These reports shall be included in the committee report. If the legislation does not meet any Section 5 guideline, the committee report shall explain why not.

The President's report shall contain an assessment of the likelihood that the proposed sanction will achieve its stated objective within a reasonable time. It must weigh the likely foreign policy, national security, economic, and humanitarian benefits against the costs of acting unilaterally. The report will also assess alternatives, such as prior diplomatic and other U.S. steps and comparable multilateral measures.

The Secretary of Agriculture's report shall assess the likely extent of the proposed legislation in terms of market share in affected countries, the likelihood that U.S. agricultural exports will be affected on the reputation of U.S. farmers as reliable suppliers.

Section 6 also considers unilateral sanctions as unfunded federal mandates for purposes of the Unfunded Mandates Act. The Congressional Budget Office shall assess the likely short- and long-term cost of the proposed sanctions to the U.S. economy.

Section 7: Requirements for Executive Action. The President may impose a unilateral sanction no less than 60 days after announcing his intention to do so, during which time he shall consult with Congressional committees and publish a notice in the Federal Register seeking public comment. Any Executive sanction must meet the same guidelines that Section 5 applies to the Congress and must, in addition, include a clear finding that the sanction is likely to achieve a specific U.S. foreign policy or national security objective within a reasonable—and specified—period of time.

Section 7 also requires—prior to the imposition of a unilateral sanction—the President and the Secretary of Agriculture to provide to the appropriate Congressional committees reports that contain the same assessment as required in the reports described in Section 6. The President shall also request a report by the U.S. International Trade Commission on the likely short- and long-term costs of the proposed sanctions to the U.S. economy, including the potential impact on U.S. competitiveness.

In case of national emergency, the bill allows the President temporarily to waive most Section 7 requirements in order to act immediately. If the President acts on an emergency basis, the waived requirements must be met within sixty days. Finally, the President shall establish an interagency Sanctions Review Committee to improve coordination of U.S. policy regarding unilateral sanctions.

Section 8: Annual Report. The President must submit to the appropriate committees a report each year detailing the extent to which sanctions have achieved U.S. objectives, as well as their impact on humanitarian and other U.S. interests, including relations with friendly countries. The U.S. International Trade Commission shall report to the Congress on the costs, individually and in the aggregate, of all unilateral economic sanctions in effect under U.S. law, regulation, or Executive order, including the impact on U.S. competitiveness.

By Mr. MCCAIN (for himself, Mr. HOLLINGS, Mr. BREAUX, and Mr. GORTON):

S. 1415. A bill to reform and restructure the processes by which tobacco products are manufactured, marketed, and distributed, to prevent the use of tobacco products by minors, to redress the adverse health effects of tobacco use, and for other purposes; to the Committee on Commerce, Science, and Transportation.

THE UNIVERSAL TOBACCO SETTLEMENT ACT

Mr. MCCAIN. Mr. President, I am pleased today to introduce the Universal Tobacco Settlement Act. This bill is cosponsored by the Commerce Committee Ranking Member Senator HOLLINGS, Senator GORTON, and Senator BREAUX.

Mr. President, the bill we are introducing today is the legislative version of the Universal Tobacco Settlement agreed upon by the attorneys general and the tobacco companies. We hope it will serve as the basis of discussion and amendment here in the Senate.

I want briefly to discuss what this bill is and is not. It is the basis for hearings, discussion, and amendment. After this bill is introduced, I will ask consent to have it jointly referred to various committees of jurisdiction for consideration. As the chairman of the Commerce Committee, I intend to hold extensive hearings on this bill and use it as the vehicle for amendment.

First, let me emphasize that this legislation was drafted by Senate legislative counsel who was requested to write a bill that would implement and mirror the universal tobacco agreement without any direction or input from Members and without any alteration from the agreement.

The substance of the bill is not perfect, complete, comprehensive, or legislation that could ever be signed into law without considerable debate and amendments. None of the cosponsors endorse this bill as being the answer to our Nation's problem with tobacco-related death and illness. But it can and should serve as a basis to began negotiations between all concerned parties.

The bipartisan group of attorneys general and the tobacco companies deserve praise for developing this language. I know it was not easy. But much more needs to be done. The Universal Tobacco Settlement Agreement presents more questions than it answers. That is why we must move the legislative process forward and begin debating substantive language.

I had hoped that the administration would send the Congress legislation in this area. I would have liked for the Congress to begin considering the proposals developed and advocated by the White House. Unfortunately, the White House chose not to take such action. As a result, I have chosen to begin this discussion with attorneys general agreement.

There has been one addition to the settlement developed by the attorneys general. The universal tobacco settlement did not address the issue of tobacco farmers and the communities whose existence and economy depends on the growing of tobacco. To address this concern, a new title IX has been added to the bill. The text of title IX is the language of S. 1310, legislation introduced by Senator FORD. It is my hope that with the addition of this language to the bill, we can begin the comprehensive debate necessary on this subject.

Mr. President, let there be no mistake, the Senate takes its role in this matter very seriously. Millions of lives have been lost and millions more will follow. Every day 3,000 young adults and children begin smoking. We cannot and should not allow this to continue. With the introduction of this bill we will begin this debate and I am hopeful that by early next year we can move forward on the floor on this matter.

By Mr. MCCONNELL:

S. 1416. A bill to amend Federal election laws to repeal the public financing of national political party conventions and Presidential elections and spending limits on Presidential election campaigns, to repeal the limits on coordinated expenditures by political parties, and for other purposes; to the Committee on Finance.

THE PRESIDENTIAL CAMPAIGN REFORM ACT OF 1997

Mr. MCCONNELL. Mr. President, the Governmental Affairs hearings investigating the 1996 Presidential election affirmed what knowledgeable observers have contended for years—that the Presidential campaign finance system of spending limits and taxpayer funding is a fraud.

Not soon forgotten will be the seamy videos of the White House coffee fundraisers in which the President was caught on tape extolling the virtues of circumventing the Presidential system's contribution and spending limits, via soft money contributions to the DNC—that once proud institution hijacked by the Clinton-Gore campaign bent on reelection in 1996. The 1996 Clinton-Gore reelection campaign took campaign finance chicanery to new heights, or lows, depending on your perspective.

Mr. President, I am no fan of spending limits so am not without sympathy for those who must campaign under them. The Presidential system, while technically voluntary, presents a Hobson's choice to those contemplating a campaign. Candidates can choose between compliance with arbitrary and severe spending limits, burdensome regulatory requirements, and the prospect of years of FEC audits or trying to mount a credible campaign under the severe constraints of outdated contribution limits.

It's difficult enough to mount a statewide Senate campaign with individual contributions limited to $1,000 a pop. Conducting a nationwide effort under the same contribution limits must be a nightmare. It requires, at the least, a Herculean effort, unless a candidate has the good fortune to have a fortune sufficient to bankroll their own campaign out of their own pocket. So I might be inclined to cut the President and Vice President some slack for this particular malfeasance—they have so many fundraising misdeeds to account for this one got lost in the shuffle until recently. I might cut them some slack if they were not such shameless hypocrites, portraying themselves as victims of the system and America's biggest fans of reform, when they aren't pleading incompetence.

''William J. Clinton'' signed a letter, addressed to the Chairman of the Federal Election Commission, on October 13, 1995, in which the President agreed to comply with the Presidential system's limits in exchange for which the Clinton-Gore campaign would receive taxpayer dollars. All told, the Clinton-Gore campaign received $75 million for the primary and general elections in 1996. The Democratic National Committee received over $12 million for its convention extravaganza in Chicago. It was a lie.

The Clinton-Gore campaign took the money—$75 million from the U.S. Treasury—and never had any intention of confining their campaign to the spending limits. The Presidential system, from its inception, has been a bad joke on the American taxpayers, limiting neither spending, nor so-called ''special interests,'' as its creators—self-styled reformers—said it would.

Unwilling to concede that their utopian reform vision has become a taxpayer-funded debacle worthy only of dismantling, the inside-the-beltway reform industry agitates instead for even more restrictions—on the party committees and independent groups. It would be like putting band-aids on the Titanic, and unconstitutional, to boot.

The reform dream is the taxpayers' nightmare. Over $1 billion has been squandered on the Presidential system. It is an entitlement program for politicians. And a boondoggle for the likes of fringe candidates such as Lenora Fulani and Lyndon LaRouche who have flocked to the Presidential campaign entitlement program, like moths to a flame.

Even Ross Perot's Reform Party has gotten into the act—as the Texas billionaire received $30 million from the U.S. Treasury last year for his campaign. An irony is that the Perot Reform Party's partaking of taxpayer funds from the Presidential system cofers will be the straw that breaks the camel's back in 2000. The Reform Party is going to bleed the reform dream dry if it takes what it will be entitled to in primary matching, convention, and general election funding. This is the gist of a recent FEC staff report on the fund's prospects for the 2000 campaign.

At the outset of the 2000 Presidential primaries, the Presidential fund will be so near bankruptcy that candidates will be able to receive only a tiny fraction of what they are entitled to. FEC

staff predict this dearth of funding will prompt some candidates to opt out of the Presidential spending limit system altogether. Where would such an exodus leave the competitive field? The candidates would still be stuck with the quarter-century old contribution limits, bestowing a tremendous advantage on those select few who have a huge donor base from which to draw or the wherewithal to fund a campaign out of their own pocket.

This is a very real campaign finance crisis—a Presidential system on the edge of oblivion and a wide-open contest looming in the year 2000. So I rise today to introduce a bill to reform the Presidential system—the object of so much scandal and scorn. This reform legislation would repeal the Presidential system's spending limits and taxpayer funding. It would save the American taxpayers hundreds of millions of dollars every election. To compensate for the loss of taxpayer funding and make the system more realistic, the contribution limit for Presidential candidates would be adjusted to $10,000, up from the current $1,000. The PAC limit would also be adjusted up to $10,000.

It would also strengthen the political parties by updating the hard money contribution limits regulating donations to them. These limits are a quarter-century old and long overdue for adjustments. Candidates and political parties should not be shackled in the year 2000 with circa-1970's contribution limits. The bill would also do what the Supreme Court talked about doing in the 1996 Colorado decision and is likely to do in the near future: abolish the coordinated spending limit. This arbitrary restriction on what parties can do in coordination with their nominees is absurd. The parties prefer to operate in hard money over soft money. These reforms would facilitate that activity.

Mr. President, these are commonsense reforms that would enhance competition and increase accountability in Presidential elections. In the interest of heading off a complete breakdown of the Presidential system in 2000, I urge Senators to step away from the traditional reform paradigm and join me in this effort.

By Mr. AKAKA (for himself, Mr. CRAIG, and Ms. LANDRIEU):

S. 1418. A bill to promote the research, identification, assessment, exploration, and development of methane hydrate resources, and for other purposes; to the Committee on Energy and Natural Resources.

THE METHANE HYDRATE RESEARCH AND DEVELOPMENT ACT OF 1997

Mr. AKAKA. Mr. President, on behalf of myself and Senators CRAIG and LANDRIEU, I am introducing the Methane Hydrate Research and Development Act of 1997.

Methane hydrate is a methane-bearing, ice-like substance that occurs in abundance in marine sediments. It is a crystalline solid of methane molecules surrounded by a structure of water molecules.

Methane hydrates are stable at moderately high pressures and low temperatures and contain large quantities of methane. One unit volume of methane hydrate contains more than 160 volumes of methane at standard temperature and pressure.

Methane hydrates are found in deep ocean sediments. Significant quantities are also found in the permafrost of Alaska, Canada, and Siberia.

Despite their potential as an energy resource, methane hydrates have not received the attention they deserve. We are only beginning to understand the magnitude of this potential resource. The amount of methane sequestered in gas hydrates is enormous. Worldwide estimates range from 100,000 trillion cubic feet to 270 million trillion cubic feet. Locations of known methane hydrate deposits within the Untied States include the Arctic, the seabed adjacent to northern California, the Gulf of Mexico, and the Eastern Seaboard.

A conservative estimate of deposits under U.S. jurisdiction is 2,700 trillion cubic feet to seven million trillion cubic feet of gas. A recent U.S. Geological Survey analysis indicates the presence of over 500 trillion cubic feet of methane at the Black Ridge site off the coast of Carolinas alone. When you consider that current U.S. consumption is less than 25 trillion cubic feet of natural gas per year, you begin to appreciate the magnitude of this energy resource.

The U.S. energy outlook is perilous at best. Our dependence on imported oil is steadily increasing. Soon we will import over 60 percent of the oil we consume. Air pollution is a persistent problem. We are spending enormous resources to improve air quality. Global climate change poses a looming challenge. With these concerns in mind, it is easy to recognize the importance of methane hydrates.

Methane hydrates are a strategic resource because they contain huge amounts of methane in a concentrated form. Extracted methane from hydrates represents an extraordinarily large energy resource and petrochemical feedstock. Methane is less polluting than other hydrocarbons because of its higher hydrogen-to-carbon ratio. Given the concerns about global climate change, a transition to methane as an energy resource is an attractive solution.

The U.S. is not doing enough to explore this viable energy source. Other countries, primarily Japan and India, have aggressive programs to develop methane hydrates. Japan has launched an exploration project for methane hydrates in its surrounding waters. The Japanese National Oil Corporation is conducting a seismic survey off Hokkaido Island and will drill test wells in two locations in 1999. Commercial production is planned for 2010. About six trillion cubic meters of methane hydrates can be found in the seabed near Japan. Recovery of one-tenth of this reserve could yield about 100 years supply of natural gas for Japan.

As part of its plan to boost natural gas resources, the Oil Industry Development Board of India has earmarked $56 million for a program of methane hydrates research and development. We cannot be left behind these and other nations in the race to develop this important energy resource.

Science News recently published an article summarizing the hopes and hazards associated with methane hydrates. Mr. President, I ask unanimous consent that a copy of this article be printed in the RECORD.

This is an exciting area of research and of new knowledge. It has an enormous payoff, not only for our energy security, but also for the global environment.

My bill establishes a small research and development program with the potential for major payback. It would direct the Department of Energy to conduct research and development in collaboration with the Naval Research Laboratory and the U.S. Geological Survey. The Secretary of Energy would also consult with other Federal and State agencies, industry, and academia. It directs the Department to conduct research on, and identify, explore, assess, and develop methane hydrate resources as a source of energy. It also directs the Department to develop technologies needed to develop methane resources in an environmentally sound manner. It provides for research to develop safe means of transportation and storage of methane produced from methane hydrates. To alleviate the concerns related to releases of methane, the legislation directs the Department to undertake research to assess and mitigate hydrate degassing, both natural and that associated with commercial development. It requires the Department to develop technologies to reduce the risk of drilling through the gas hydrates. And finally, it provides for the training of scientists and engineers that would be needed for this new and exciting field on endeavor.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1418

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Methane Hydrate Research and Development Act of 1997''.

SEC. 2. DEFINITIONS.

In this Act:

(1) CONTRACT.—The term ''contract'' means a procurement contract within the meaning of 6303 of title 31, United States Code.

(2) COOPERATIVE AGREEMENT.—The term ''cooperative agreement'' means a cooperative agreement within the meaning of section 6305 of title 31, United States Code.

(3) GRANT.—The term ''grant'' means a grant agreement within the meaning of section 6304 of title 31, United States Code.

(4) METHANE HYDRATE.—The term ''methane hydrate'' means a methane clathrate that—

(A) is in the form of a methane-water ice-like crystalline material; and

(B) is stable and occurs naturally in deep-ocean and permafrost areas.

(5) SECRETARY.—The term ''Secretary'' means the Secretary of Energy.

(6) SECRETARY OF DEFENSE.—The term ''Secretary of Defense'' means the Secretary of Defense, acting through the Secretary of the Navy.

(7) SECRETARY OF THE INTERIOR.—The term ''Secretary of the Interior'' means the Secretary of the Interior, acting through the Director of the United States Geological Survey.

SEC. 3. METHANE HYDRATE RESEARCH AND DEVELOPMENT PROGRAM.

(a) IN GENERAL.—

(1) COMMENCEMENT OF PROGRAM.—Not later than 180 days after the date of enactment of this Act, the Secretary, in consultation with the Secretary of Defense and the Secretary of the Interior, shall commence a program of methane hydrate research and development.

(2) DESIGNATIONS.—The Secretary, Secretary of Defense, and Secretary of the Interior shall designate individuals to implement this Act.

(3) MEETINGS.—The individuals designated under paragraph (2) shall meet not less frequently than every 120 days to review the progress of the program under paragraph (1) and make recommendations on future activities.

(b) GRANTS, CONTRACTS, AND COOPERATIVE AGREEMENTS.—

(1) ASSISTANCE AND COORDINATION.—The Secretary may award grants or contracts to, or enter into cooperative agreements with, universities and industrial enterprises to—

(A) conduct basic and applied research to identify, explore, assess, and develop methane hydrate as a source of energy;

(B) assist in developing technologies required for efficient and environmentally sound development of methane hydrate resources;

(C) undertake research programs to provide safe means of transport and storage of methane produced from methane hydrates;

(D) promote education and training in methane hydrate resources research and resource development;

(E) conduct basic and applied research to assess and mitigate the environmental impacts of hydrate degassing, both natural and that associated with commercial development; and

(F) develop technologies to reduce the risks of drilling through methane hydrates.

(2) CONSULTATION.—The Secretary may establish an advisory panel consisting of experts from industry, academia, and Federal agencies to advise the Secretary on potential applications of methane hydrate and assist in developing recommendations and priorities for the methane hydrate research and development program carried out under this section.

(c) LIMITATIONS.—

(1) ADMINISTRATIVE EXPENSES.—Not more than 5 percent of the amount made available to carry out this section for a fiscal year may be used by the Secretary for expenses associated with the administration of the program subsection (a)(1).

(2) CONSTRUCTION COSTS.—None of the funds made available to carry out this section may be used for the construction of a new building or the acquisition, expansion, remodeling, or alteration of an existing building (including site grading and improvement and architect fees.)

(d) RESPONSIBILITIES OF THE SECRETARY.—In carrying out subsection (b)(1), the Secretary shall—

(1) facilitate and develop partnerships among government, industry, and academia to research, identify, assess, and explore methane hydrate resources;

(2) undertake programs to develop basic information necessary for promoting long-term interest in methane hydrate resources as an energy source;

(3) ensure that the data and information developed through the program are accessible and widely disseminated as needed and appropriate;

(4) promote cooperation among agencies that are developing technologies that may hold promise for methane hydrate resource development; and

(5) report annually to Congress on accomplishments under this Act.

SEC. 4. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such sums as are necessary to carry out this Act.

[From the Science News, Vol. 150, Nov. 9, 1996]

THE MOTHER LODE OF NATURAL GAS

(By Richard McNastersky)

For kicks, oceanographer William P. Dillon likes to surprise visitors to his lab by taking ordinary-looking ice balls and setting them on fire.

''They're easy to light. You just put a match to them and they will go,'' says Dillon, a researcher with the U.S. Geological Survey (USGS) in Woods Hole, Mass.

If the truth be told, this is not typical ice. The prop in Dillon's show is a curious and poorly known structure called methane hydrate. Unlike ordinary water ice, methane hydrate consists of single molecules of natural gas trapped within crystalline cages formed by frozen water molecules. Although chemists first discovered gas hydrates in the early part of the 19th century, geoscientists have only recently started documenting their existence in underground deposits and exploring their importance as potential fuel.

Late last year a team of oceanographers conducted the most in-depth investigation of methane hydrates to date by drilling into an extensive accumulation beneath the seabed off the coast of the southeastern United States. The results of this research, which are now beginning to appear in the scientific literature, seem to bolster extremely sketchy estimates made years ago about the vastness of the hydrate resource.

''It turns out there is a tremendous amount of gas down there,'' says Charles Paull, a marine geologist at the University of North Carolina at Chapel Hill and a leader of the recent drilling expedition. ''It shores up the fact that these are large reserves and makes it increasingly important that they get assessed in terms of whether they are energy-producing deposits or not.''

At the same time, scientists wonder whether this resource also has a dark side. ''There have been extremely rapid changes in climate in the past. Some think that these were caused by methane released from methane hydrate,'' says Dillon.

Despite their potential importance, methane hydrates have evaded scientific scrutiny until now, largely because they are extremely difficult to study. They exist only where high pressures and low temperatures squeeze water and methane into a solid form.

Most known deposits of methane hydrate lie below the seafloor in regions that slope from the continents to the deep ocean basins thousands of meters underwater. Marine geologists have tentatively identified deposits off the coasts of Costa Rica, New Jersey, Oregon, Japan, India, and hundreds of other sites around the globe. Petroleum companies have also encountered hydrates while drilling through Arctic pernafrost in Siberia, Alaska, and Canada.

Like vampires, hydrates disintegrate quickly if pulled from their dark lair. When researchers on the recent drilling expedition hauled up cores of sediment from the ocean floor, the drastic reduction in pressure caused much of the hydrate to melt before it even reached the ship. Without unusual precautions, any remaining hydrate fizzed away when the scientists cut open the core.

''Gas hydrates have largely escaped traditional geologic observation because gas hydrates and humans are sort of incompatible. The gas hydrates decompose under the conditions [in which] people traditionally analyze cores. Conversely, humans have no experience in operating in the conditions where gas hydrates are stable. We die under the conditions of gas hydrate stability,'' says Paull.

Oceanographers first drilled through methane hydrates unintentionally, on an expedition in 1970. Although that encounter was uneventful, research drilling cruises purposely avoided suspected hydrate deposits for 2 decades afterward, fearing they might hit an overpressureized pocket of gas, which could blast away the drilling equipment. Concerns over pressurized gas gradually diminished, and mounting scientific curiosity emboldened researchers to try boring through more hydrate fields. Starting in 1992, the International Ocean Drilling Program (ODP) intentionally breached hydrate deposits several times without incident.

On the recent expedition, Paull and his colleagues drilled at three sites along the Blake Ridge, a large, submerged promontory 330 kilometers off the southeast coast of the United States. Working in water depths of 2,800 meters, the researchers penetrated 700 meters below the seafloor with a hollow drill bit that cuts away a core of sediment the diameter of a soda can.

The investigators had to take special precautions to prevent losing methane-hydrate during the 10 minutes it too to haul fresh sections of core up from the ocean bottom. At various depths, they sealed small bits of core in pressurized barrels, thereby containing the gas until the core reached shipboard laboratories. These samples provided the first direct measurements of how much methane-hydrate exists at different depths beneath the seafloor.

''The amount of hydrate down there is much higher than has previously been estimated says Paull. ''It was not uncommon to go from 10 liters up to 30 liters of gas per liter of sediment.''

The researchers also measured, for the first time, large amounts of free gas trapped beneath the frozen hydra-deposits. The volume of gas was far more than expected, exceeding even the amount within the frozen layer, says Paull.

Although the exact origin of hydrate remains unknown, Paull and others suspect that bacteria within the sediment consume rich organic material and generate methane gas. At a certain depth beneath the seafloor, the low temperatures and high pressures ensnare the gas within the frozen hydrate structures. Methane below the hydrate layer remains in gaseous form because the temperatures there are too high to support freezing.

Conventional deposits of methane, a natural gas, form through a different process, when seafloor sediments are buried far deeper. Exposed to much higher temperatures, the organic material the sediments simmers until it transforms into petroleum and eventually methane.

Nearly a decade ago, several researchers independently tried to estimate how much methane exists in hydrate deposits. Because of the scarcity of direct hyro-measurements at the time, the estimate rested on indirect seismic studies which probe the ocean bottom sediments with blasts of sound that reflect off hidden layers.

These studies suggested that global hydrate deposits contain approximately 10,000 gigatons, or 10 tons, of carbon. That number represents double the combined amount in all reserves of coal, oil, and conventional natural gas.

The newly emerging evidence, supports these rough approximations, says Gordon J. MacDonald, one of the scientists who made the calculations in the 1980s. ''All these estimates are quite uncertain. But it remains abundantly clear that methane hydrates contain the largest store of carbon that we know about that is underground,'' says MacDonald, who now directs the International Institute for Applied Systems Analysis in Laxenburg, Austria.

In fact, hydrates may be more widespread than previously thought. The recent ODP expedition found hydrates in regions that lack the seismically reflective layers usually used to identify potential deposits, the team reports in the Sept. 27 Science.

''Given their worldwide distribution and their very large quantities, they make a very attractive energy source, provided that one can bring the gas up at somewhere near market price,'' MacDonald says. The cost of accessing hydrates has served as a barrier in the past, but some energy-hungry nations lacking conventional fossil fuels are extremely interested in future use of hydrates.

Japan plans to drill exploratory wells in the next few years, first on land in Alaska and then in Japanese waters. The Japanese National Oil Company is currently negotiating with the U.S. and Canadian governments to conduct experimental drilling of hydrate deposits near Prudhoe Bay, Alaska in early 1998. They hope to have more success than the nations and commercial companies that tried to extract frozen methane in Canada, Alaska and Siberia during the 1970s and 1980s.

In nature, methane hydrates are fickle molecules, liable to melt whenever the pressure drops slightly or the temperature creeps upward. Evidence of this instability pockmarks the ocean floor along the Blake Ridge. Marine geologists have identified numerous craters there that apparently formed when hydrates melted, releasing methane gas.

''The Blake Ridge is a pressure cooker, over geological time. The gas and fluids come up and blow thought the sediments. We can see depressions 500 to 700 meters wide and 20 to 30 meters deep,'' says Dillon.

In other cases, melting at the base of the hydrate layer has destabilized seafloor slopes, leading to massive submarine landslides. Researchers have suggested hydrate weakness as a factor behind landslides off Alaska, the U.S. Atlantic coast, British Columbia, Norway, and Africa, says Keith A. Kvenvolden of the USGS in Menlo Park, Calif.

Such inherent instability could spell problems for future drilling platforms resting on top of hydrate-rich deposits. If the collapses are large enough, they could also produce the destructive waves called tsunamis that race across ocean basins.

Hydrates may exert their greatest impact through their indirect links to climate. Because methane is a powerful greenhouse gas—about 10 times as strong as carbon dioxide—massive melting of hydrates and the ensuing release of methane gas could raise Earth's surface temperature.

James P. Kennett of the University of California, Santa Barbara has recently discovered intriguing evidence implicating methane hydrates as an instigator of climate change. Sediments off the California coast show signs that carbon isotopic ratios in the ocean shifted quite dramatically and quickly at several times during the last 70,000 years. Because methane has a distinctive isotopic fingerprint that matches the shifts, Kennett suggests that large volumes of methane must have poured into the ocean at these times.

In this theory, the methane came from hydrates that melted when ocean waters warmed slightly. The liberation of so much methane over a few decades would have caused widespread warming that affected the entire globe. As supporting evidence, Kennett notes that the ocean's isotopic shifts indeed coincide with well-known Dansgaard-Oeschger episodes when Earth's ice age climate went suddenly warm.

''Until now, [hydrates] haven't really entered into discussions of climate change. They have been almost completely ignored. Until the beginning of this year, I had not even considered them. But I'm now convinced that they are of great importance to the global environment and have been for billions of years,'' says Kennett. He presented his findings in September at a gas hydrate conference in Ghent, Belgium.

Kvenvolden has proposed a different mechanism that might have released hydrates at the end of the last ice age. As the great blanket of continental ice melted at that time, global sea levels swelled by more than 90 meters, submerging many Arctic regions where hydrate layers exist. The relatively warm ocean water would have melted the hydrates, unleashing tremendous amounts of methane into the atmosphere, Kvenvolden believes.

The same rationale could apply to the modern world. Sea levels are currently rising slowly, at a rate of a few centimeters per decade. Projections suggest that they will rise even faster in the future because of the climatic warming caused by greenhouse gas pollution. At the same time, ocean temperatures are expected to creep upward.

''If you reason that hydrates were important in climate change in the past, there is no reason they wouldn't be important in the future,'' says Kvenvolden. Indeed, some scientists speculate that melting methane hydrates could greatly exacerbate global warming.

For now, though, Kvenvolden and others remain unsure exactly what role hydrates have played in past climate changes. Lacking this knowledge, they say it is impossible to predict how hydrates will behave in the future.

A greater understanding of hydrates and their importance will come as oceanographers tap deposits in other areas of the world, testing whether the lessons learned on the Blake Ridge apply elsewhere. Scientists are also creating synthetic hydrates in the laboratory (SN:10/19/96, p. 252). By squeezing methane and water in a pressurized apparatus, Dillon and his colleagues can not only gauge how hydrates weaken seafloor sediments but also improve seismic methods for detecting hydrates.

When the experiments are over, the remaining synthetic hydrates could have other uses. ''I hadn't really thought of it before, but you could try cooking with them'' says Dillon, ''I wouldn't want to plan a major meal, but you could probably scramble an egg on it.''

By Mrs. FEINSTEIN (for herself and Mr. KYL):

S. 1420. A bill to amend the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 to provide for full reimbursement of States and localities for costs related to providing emergency medical treatment to individuals injured while entering the United States illegally; to the Committee on the Judiciary.

THE ILLEGAL ALIEN EMERGENCY MEDICAL SERVICES REIMBURSEMENT ACT OF 1997

Mrs. FEINSTEIN. Mr. President, I am offering legislation with Senator KYL as original cosponsor, a legislation which provides full reimbursement to state and local counties for costs incurred for emergency medical services and ambulatory services provided to undocumented aliens injured during a pursuit by border patrol or under the custody of federal, state, or local authorities.

This legislation: Authorizes full reimbursement for emergency medical costs, including ambulatory services for illegal aliens who are injured during illegal crossings at land and sea ports, or during a pursuit by border patrol, or while in custody of federal, state, or local authorities;

Authorizes up to $18 million per year for the next 4 years from a separate account under the Attorney General to reimburse states and localities for emergency medical services provided to illegal aliens.

Requires the Attorney General to submit a written report to Senate and House Judiciary Committees on the policy and practice, including custody practice, of the border patrol by March 1, 1998.

Requires annual report by the Attorney General to Senate and House Judiciary and Appropriations Committees on the implementation of this bill.

INS reports show that in FY96, 1.65 million illegal aliens were apprehended, of which 97% or 1.6 million apprehensions were made at the Southwest Border. INS also reports that more than 300,000 illegal aliens come into the country every year and in FY97, over 111,000 criminal and other illegal aliens were put through formal deportation proceedings.

With increased focus on apprehending illegal aliens at the 140 mile stretch of our Southwest border, recent reports also show increases in unreimbursed emergency medical service cost of illegal aliens to state and local county hospitals.

The California State Auditor recently released a report which charged that San Diego alone incurred up to $8.1 million in unreimbursed charges in emergency medical service for illegal aliens between January 1996 and May 1997. The Auditor estimates that San Diego hospitals incurred from $4.9 million to $8.1 million in unreimbursed emergency medical services and ambulatory services for up to 1074 illegal aliens during the seventeen month period. The unreimbursed medical service costs include hospital care, costs incurred for paramedics and air transportations, physicians, surgeons and laboratories. These uncompensated services, which hospitals and other emergency service providers are required to

provide under California law, were provided to illegal aliens who were injured during illegal crossings at the border and while escaping border patrol pursuits.

The Sacramento Bee recently reported the following:

Every time a Border patrol chase results in injuries, San Diego area hospitals provide 'free' care to those injured... (For instance), medical care for Fransciso Quintera—who was struck by a car while fleeing Border patrol agents—cost UCSD Medical Center over $1 million in uncompensated expenses. In one recent vehicle chase, a van loaded with illegal immigrants crashed while evading the Border Patrol, costing Scripps Hospital $200,000 and Mercy Hospital $100,000 in uncompensated care.

In the 1996 Immigration Act, Congress acknowledged the huge cost shift to state and local county hospitals in unreimbursed cost for emergency medical services provided to illegal aliens by authorizing full reimbursement for emergency Medicaid and ambulatory services.

However, the $25 million appropriated annually over the next 4 years under the Balance Budget Act for emergency Medicaid for illegal aliens is insufficient to cover the full cost of emergency medical services for illegal aliens nationwide, where high immigrant States like California, Texas, New York, Florida, Illinois, New Jersey, Arizona and Massachusetts end up picking up the responsibility for caring for the injured illegal aliens.

In fact, for fiscal year 1998, there are no appropriations for reimbursement for emergency ambulatory services, as authorized by the 1996 Immigration Act. Instead, Congress only requires INS to perform a pilot project in Nogales, Arizona and report its findings to Congress.

Appropriating $25 million over the next 4 years and performing a pilot project in Nogales, Arizona is not enough to cover the millions of dollars high immigrant States like California incur every year in unreimbursed emergency medical and ambulatory costs for illegal aliens injured at the border or during a border patrol pursuit.

Mr. President, time has come for the Federal Government to take full responsibility for the cost associated with providing emergency medical services, including ambulatory services, for illegal aliens and lifting the fiscal burden on State and local counties.

Thank you and I urge all my colleagues to support this legislation.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1420

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. AMENDMENT OF THE ILLEGAL IMMIGRATION REFORM AND IMMIGRANT RESPONSIBILITY ACT OF 1996.

Section 563 of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 is amended to read as follows:

"SEC. 563. REIMBURSEMENT OF STATES AND LOCALITIES FOR EMERGENCY MEDICAL SERVICES.

''(a) Subject to the availability of appropriations, the Attorney General shall fully reimburse States and political subdivisions of States for their costs of providing medical services, including ambulatory services, related to an emergency medical condition of an individual who—

''(1) is injured while, or being pursued immediately after, crossing a land or sea border of the United States without inspection or at any time or place other than as designated by the Attorney General; and

''(2) is under the custody of the State or subdivision pursuant to a transfer, request, or other action by a Federal authority.

''(b) There is established in the general fund of the Treasury a separate account out of which the Attorney General shall provide reimbursement under this section.

''(c) Reimbursement under this section shall not be taken out of monies appropriated for the Immigration and Naturalization Service.

''(d) There are authorized to be appropriated for fiscal years 1998–2002 an amount not to exceed $18,000,000 annually for the purpose of carrying out this section.

''(e) The Attorney General shall report to the Judiciary and Appropriations Committees of the House of Representatives and the Senate annually on the implementation of this section.

''(f) By March 1, 1998, the Attorney General shall submit a written report to the Judiciary Committees of the House of Representatives and Senate on the policy and practice, including custody practice, of the United States Border Patrol with respect to injured aliens.

''(g) For purposes of this section, the term 'emergency medical condition' has the same meaning as that term has under section 562 of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996.''.

Mr. KENNEDY (for himself, Mr. COCHRAN, Mr. DURBIN, Mr. FAIRCLOTH, and Ms. MIKULSKI):

S. 1421. A bill to amend the Public Health Service Act to provide additional support for and to expand clinical research programs, and for other purposes; to the Committee on Labor and Human Resources.

THE CLINICAL RESEARCH ENHANCEMENT ACT OF 1997

Mr. KENNEDY. Mr. President, the promise of new biomedical research is boundless. As impressive as the progress of the past has been, it pales in comparison to future opportunities. We stand on the threshold of stunning advances in medicine. Supporting biomedical research is among the wisest possible investments we can make in our Nation's future.

Support for clinical research is central to biomedical research. Clinical research is essential for the advancement of scientific knowledge and the development of cures and improvement treatments of disease. Tremendous advances in basic biological research are opening doors to new insights into all aspects of medicine. As a result, there are extraordinary opportunities for cutting-edge clinical research to translate breakthroughs in the laboratory to the bedsides of patients.

Improvements in patient care and diagnosis and prevention of disease depend upon clinical research that brings basic research discoveries to the bedside. In addition, the results of clinical research are incorporated by industry and developed into new drugs, vaccines, and health care products. These developments strengthen the economy and create jobs.

Advances in biomedical research may also prove to be the most effective way to reduce the country's health care costs in the long run. As our Nation's demographics change and the baby boomers move toward retirement, financing Medicare has become an increasing concern. A Duke University study released earlier this year suggests that a small improvement in the disability rate of older Americans can bring large cost savings for Medicare. Investment in medical research will result in healthier older Americans and lower costs to Medicare.

Despite these clear benefits, clinical research is in crisis. The resources dedicated to such research, particularly at the NIH, have fallen to a level that places the United States at a serious international disadvantage.

Studies by the Institute of Medicine, the National Research Council, the National Academy of Sciences, and the National Institutes of Health have highlighted significant problems in the Nation's clinical research efforts. A 1994 report by the Institute of Medicine, for example, characterized the current level of training and support for health research professionals as ''fragmented, frequently undervalued and potentially underfunded.''

The legislation we are introducing today seeks to enhance support of clinical research by addressing the issues that have caused this crisis in clinical research.

First, it will implement the longstanding recommendations regarding the merit review process for clinical research proposals at NIH.

Second, it will provide greater support for general clinical research centers.

Third, it will create new opportunities to pursue clinical research. A Clinical Research Career Enhancement Award will enable a clinical researcher to pursue research projects with a mentor prior to independent pursuit of research. For more established researchers, the Innovative Medical Science Award will provide funds to apply basic scientific discoveries to medical treatment. Both awards will generate the protected time which is so valuable to physician-scientists.

Fourth, the bill provides support for individuals seeking advanced degrees in clinical investigation.

Fifth, it expands the Loan Repayment Program for clinical researchers to encourage the recruitment of new investigators.

A solid infrastructure is essential to any research program. In clinical research, that infrastructure is provided by the general clinical research centers at academic health centers throughout the country. Support for these centers was once largely provided by academic health centers. Today, academic health centers provide approximately $1 billion annually from clinical revenues to support clinical research. However, academic health centers are confronted with heavy competition from nonteaching institutions and are increasingly obligated to emphasize patient care over research to minimize costs. In the face of these changes, clinical researchers have become more dependent on NIH for infrastructure support.

In spite of the expanding need, NIH support for the general clinical research centers has barely kept up with inflation. The centers are consistently funded at 75 percent of the funding level recommended by the NIH's own Advisory Council. This level is not adequate for the backbone of the Nation's clinical research efforts. Clearly we need to do more.

The number of physicians choosing careers in clinical investigation is in serious decline. Between 1985 and 1997, the number of physicians increased by 34 percent, while the number of physicians pursuing research decreased by 37 percent. Fewer young physicians are choosing careers in research, and we need to reverse that decline.

Student debt is a major barrier to pursuing clinical research. Young physicians graduate from medical school with an average debt burden of $80,000. Limited financial opportunity in clinical research has caused many young physicians to choose more lucrative medical practice. NIH has acknowledged this problem and has established a loan repayment subsidy to encourage the recruitment of clinical researchers to NIH. Our legislation expands the current program.

Many of today's young clinical investigators are unfamiliar with research methodology. Dr. Harold Varmus, the Director of NIH, has articulated the need for individuals seeking careers in clinical research to have access to clinical research-specific training programs after they graduate from medical school. The NIH already supports a postgraduate training for those pursuing basic research. This legislation will support a comparable program for clinical investigators.

Clinical researchers at academic health centers are also increasingly urged to turn their attention away from research to generate greater revenues. This loss of protected time has a significant adverse impact on their ability to compete for NIH research grants. This problem is particularly difficult for young researchers still seeking mentored research experience during the early years of clinical investigation. The NIH currently has awards to provide mentored career development experiences for basic scientists. Our legislation creates career development awards to help meet this need.

Less than a third of all NIH grantees are physicians. Only a fraction of them receive awards for clinical investigation. The funding gap for clinical research is most severe in the earliest phases of clinical investigation, where basic scientific discoveries are tested on a small scale in studies involving few patients. Industry will not support such research in non-product-oriented studies and often regard such efforts as too speculative. The medical science awards in our bill will ensure funding for these important research initiatives.

The need for reform of the peer review system has been documented by studies by the Institute of Medicine and an outside review committee of the NIH Division of Research Grants, which is responsible for the peer review process. So far, their recommendations have not been implemented, and the bias against clinical research persists. Our legislation will implement these recommendations and provide effective evaluation of clinical research proposals.

The funds authorized by our legislation to support clinical research do not target specific diseases. The funds would go to peer-reviewed proposals to translate basic scientific discoveries into treatment and prevention of disease. Without such legislation, clinical research will continue to decline to a point where advances in medicine will no longer come from this country but from abroad.

Mr. President, our bill is supported by more than a hundred and forty biomedical associations and organizations. I would like to thank the American Federation for Medical Research for their efforts to support this legislation and ask unanimous consent that the list of supporters, the letters of support be and a copy of the bill be included in the RECORD.

I look forward to working with my colleagues as we move this important legislation through Congress.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1421

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Clinical Research Enhancement Act of 1997''.

SEC. 2. FINDINGS AND PURPOSE.

(a) FINDINGS.—Congress makes the following findings:

(1) Clinical research is critical to the advancement of scientific knowledge and to the development of cures and improved treatment for disease.

(2) Tremendous advances in biology are opening doors to new insights into human physiology, pathophysiology and disease, creating extraordinary opportunities for clinical research.

(3) Clinical research includes translational research which is an integral part of the research process leading to general human applications. It is the bridge between the laboratory and new methods of diagnosis, treatment, and prevention and is thus essential to progress against cancer and other diseases.

(4) The United States will spend more than $1 trillion on health care in 1997, but the Federal budget for health research at the National Institutes of Health was $12.7 billion, only 1 percent of that total.

(5) Studies at the Institute of Medicine, the National Research Council, and the National Academy of Sciences have all addressed the current problems in clinical research.

(6) The Director of the National Institutes of Health has recognized the current problems in clinical research and has through the use of an advisory committee begun to evaluate these problems.

(7) The current level of training and support for health professionals in clinical research is fragmented, frequently undervalued, and potentially underfunded.

(8) Young investigators are not only apprentices for future positions but a crucial source of energy, enthusiasm, and ideas in the day-to-day research that constitutes the scientific enterprise. Serious questions about the future of life-science research are raised by the following:

(A) The number of young investigators applying for grants dropped by 54 percent between 1985 and 1993.

(B) The number of federally funded research (R01) grants awarded to persons under the age of 36 have decreased by 70 percent from 1985 to 1993.

(C) Newly independent life-scientists are expected to raise funds to support their new research programs and a substantial proportion of their own salaries.

(9) The following have been cited as reasons for the decline in the number of active clinical researchers, and those choosing this career path:

(A) A medical school graduate incurs an average debt of $80,000, as reported in the Medical School Graduation Questionnaire by the American Association of Medical Colleges (AAMC).

(B) The prolonged period of clinical training required increases the accumulated debt burden.

(C) The decreasing number of mentors and role models.

(D) The perceived instability of funding from the National Institutes of Health and other Federal agencies.

(E) The almost complete absence of clinical research training in the curriculum of training grant awardees.

(F) Academic Medical Centers are experiencing difficulties in maintaining a proper environment for research in a highly competitive health care marketplace, which are compounded by the decreased willingness of third party payers to cover health care costs for patients engaged in research studies and research procedures.

(10) In 1960, general clinical research centers were established under the Office of the Director of the National Institutes of Health with an initial appropriation of $3,000,000.

(11) Appropriations for general clinical research centers in fiscal year 1997 equaled $153,000,000.

(12) In fiscal year 1997, there were 74 general clinical research centers in operation, supplying patients in the areas in which such centers operate with access to the most modern clinical research and clinical research facilities and technologies.

(13) The average annual amount allocated for each general clinical research center is $1,900,000, establishing a current funding level of 75 percent of the amounts approved by the Advisory Council of the National Center for Research Resources.

(b) PURPOSE.—It is the purpose of this Act to provide additional support for and to expand clinical research programs.

SEC. 3. INCREASING THE INVOLVEMENT OF THE NATIONAL INSTITUTES OF HEALTH IN CLINICAL RESEARCH.

Section 402 of the Public Health Service Act (42 U.S.C. 282) is amended by adding at the end the following:

''(l)(1) The Director of NIH shall undertake activities to support and expand the involvement of the National Institutes of Health in clinical research.

''(2) In carrying out paragraph (1), the Director of NIH shall—

''(A) design test pilot projects and implement the recommendations of the Division of Research Grants Clinical Research Study Group and other recommendations for enhancing clinical research, where applicable; and

''(B) establish an intramural clinical research fellowship program and a continuing education clinical research training program at NIH.

''(3) The Director of NIH, in cooperation with the Directors of the Institutes, Centers, and Divisions of the National Institutes of Health, shall support and expand the resources available for the diverse needs of the clinical research community, including inpatient, outpatient, and critical care clinical research.

''(4) The Director of NIH shall establish peer review mechanisms to evaluate applications for—

''(A) clinical research career enhancement awards;

''(B) innovative medical science awards;

''(C) graduate training in clinical investigation awards;

''(D) intramural clinical research fellowships.

Such review mechanisms shall include individuals who are exceptionally qualified to appraise the merits of potential clinical research training and research grant proposals.''.

SEC. 4. GENERAL CLINICAL RESEARCH CENTERS.

Part B of title IV of the Public Health Service Act (42 U.S.C. 284 et seq.) is further amended by adding at the end the following:

''SEC. 409B. GENERAL CLINICAL RESEARCH CENTERS.

''(a) GRANTS.—The Director of the National Center for Research Resources shall award grants for the establishment of general clinical research centers to provide the infrastructure for clinical research including clinical research training and career enhancement. Such centers shall support clinical studies and career development in all settings of the hospital or academic medical center involved.

''(b) ACTIVITIES.—In carrying out subsection (a), the Director of NIH shall expand the activities of the general clinical research centers through the increased use of telecommunications and telemedicine initiatives.

''(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section, such sums as may be necessary.

''SEC. 409C. ENHANCEMENT AWARDS.

''(a) CLINICAL RESEARCH CAREER ENHANCEMENT AWARD.—

''(1) IN GENERAL.—The Director of the National Center for Research Resources shall make grants (to be referred to as 'clinical research career enhancement awards') to support individual careers in clinical research at general clinical research centers or at other institutions that have the infrastructure and resources deemed appropriate for conducting patient-oriented clinical research. The Director of the National Center for Research Resources shall, where practicable, collaborate or consult with other Institute Directors in making awards under this subsection.

''(2) APPLICATIONS.—An application for a grant under this subsection shall be submitted by an individual scientist at such time as the Director may require.

''(3) LIMITATIONS.—The amount of a grant under this subsection shall not exceed $125,000 per year per grant. Grants shall be for terms of 5 years. The Director shall award not more than 20 grants in the first fiscal year, and not more than 40 grants in the second fiscal year, in which grants are awarded under this subsection.

''(4) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to make grants under paragraph (1), $3,000,000 for fiscal year 1998, and such sums as may be necessary for each subsequent fiscal year.

''(b) INNOVATIVE MEDICAL SCIENCE AWARD.—

''(1) IN GENERAL.—The Director of the National Center for Research Resources shall make grants (to be referred to as 'innovative medical science awards') to support individual clinical research projects at general clinical research centers or at other institutions that have the infrastructure and resources deemed appropriate for conducting patient-oriented clinical research. The Director of the National Center for Research Resources shall, where practicable, collaborate or consult with other Institute Directors in making awards under this subsection.

''(2) APPLICATIONS.—An application for a grant under this subsection shall be submitted by an individual scientist at such time as the Director requires.

''(3) LIMITATIONS.—The amount of a grant under this subsection shall not exceed $175,000 per year per grant.

''(4) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to make grants under this subsection, $52,500,000 for fiscal year 1998, and such sums as may be necessary for each subsequent fiscal year.

''(c) GRADUATE TRAINING IN CLINICAL INVESTIGATION AWARD.—

''(1) IN GENERAL.—The Director of the National Center for Research Resources shall make grants (to be referred to as 'graduate training in clinical investigation awards') to support individuals pursuing master's or doctoral degrees in clinical investigation.

''(2) APPLICATIONS.—An application for a grant under this subsection shall be submitted by an individual scientist at such time as the Director may require.

''(3) LIMITATIONS.—The amount of a grant under this subsection shall not exceed $75,000 per year per grant. Grants shall be for terms of 2 years or more and will provide stipend, tuition, and institutional support for individual advanced degree programs in clinical investigation.

''(4) DEFINITION.—As used in this subsection, the term 'advanced degree programs in clinical investigation' means programs that award a master's or Ph.D. degree after 2 or more years of training in areas such as the following:

''(A) Analytical methods, biostatistics, and study design.

''(B) Principles of clinical pharmacology and pharmacokinetics.

''(C) Clinical epidemiology.

''(D) Computer data management and medical informatics.

''(E) Ethical and regulatory issues.

''(F) Biomedical writing.

''(5) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to make grants under this subsection, $3,000,000 for fiscal year 1998, and such sums as may be necessary for each subsequent fiscal year.''.

SEC. 5. CLINICAL RESEARCH ASSISTANCE.

(a) NATIONAL RESEARCH SERVICE AWARDS.—Section 487(a)(1)(C) of the Public Health Service Act (42 U.S.C. 288(a)(1)(C)) is amended by striking ''50 such'' and inserting ''100 such''.

(b) LOAN REPAYMENT PROGRAM.—Section 487E of the Public Health Service Act (42 U.S.C. 288–5) is amended—

(1) in the section heading, by striking ''FROM DISADVANTAGED BACKGROUNDS'';

(2) in subsection (a)(1)—

(A) by striking ''who are from disadvantaged backgrounds''; and

(B) by striking ''as employees of the National Institutes of Health'' and inserting ''as part of a clinical research training position'';

(3) in subsection (a), by striking paragraph (3) and inserting the following:

''(3) APPLICABILITY OF CERTAIN PROVISIONS REGARDING OBLIGATED SERVICE.—With respect to the National Health Service Corps Loan Repayment Program established under subpart III of part D of title III, the provisions of such subpart shall, except as inconsistent with this section, apply to the program established in this section in the same manner and to the same extent as such provisions apply to such loan repayment program.'';

(4) in subsection (b)—

(A) by striking ''Amounts'' and inserting the following:

''(1) IN GENERAL.—Amounts''; and

(B) by adding at the end the following:

''(2) DISADVANTAGED BACKGROUNDS SETASIDE.—In carrying out this section, the Secretary shall ensure that not less than 50 percent of the contracts involve those appropriately qualified health professionals who are from disadvantaged backgrounds.''; and

(5) by adding at the end the following:

''(c) DEFINITION.—As used in subsection (a)(1), the term 'clinical research training position' means an individual serving in a general clinical research center or in clinical research at the National Institutes of Health, or a physician receiving a clinical research career enhancement award, an innovative medical science award, or a graduate training in clinical investigation award.

''(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section such sums as may be necessary for each fiscal year.''.

SEC. 6. DEFINITION.

Section 409 of the Public Health Service Act (42 U.S.C. 284d) is amended—

(1) by striking ''For purposes'' and inserting ''(a) HEALTH SERVICE RESEARCH.—For purposes''; and

(2) by adding at the end the following:

''(b) CLINICAL RESEARCH.—As used in this title, the term 'clinical research' means patient oriented clinical research conducted with human subjects, or research on the causes and consequences of disease in human populations involving material of human origin (such as tissue specimens and cognitive phenomena) for which an investigator or colleague directly interacts with human subjects in an outpatient or inpatient setting to clarify a problem in human physiology, pathophysiology, or disease; or epidemiologic or behavioral studies, outcomes research, or health services research, or developing new technologies or therapeutic interventions.''.

SUPPORTERS OF CLINICAL RESEARCH ENHANCEMENT ACT

Alliance for Aging Research
Alzheimer's Association
Ambulatory Pediatric Association
American Academy of Child and Adolescent Psychiatry
American Academy of Dermatology

American Academy of Neurology
American Academy of Optometry
American Academy of Ophthalmology
American Academy of Otolaryngology-Head and Neck Surgery
American Academy of Physical Medicine and Rehabilitation
American Association for Cancer Research
American Association for the Surgery of Trauma
American Association of Anatomists
American Association of Colleges of Nursing
American Association of Neurological Surgeons
American Cancer Society
American Celiac Society—Dietary Support Coalition
American College of Chest Physicians
American College of Clinical Pharmacology
American College of Medical Genetics
American College of Neuropsychopharmacology
American Diabetes Association
American Federation for Medical Research
American Gastroenterological Association
American Geriatrics Society
American Heart Association
American Kidney Fund
American Liver Foundation
American Lung Association
American Neurological Association
American Optometric Association
American Pediatric Society
American Psychiatric Association
American Skin Association
American Society for Bone and Mineral Research
American Society for Clinical Nutrition
American Society for Clinical Pharmacology and Therapeutics
American Society for Reproductive Medicine
American Society of Addiction Medicine
American Society of Adults with Pseudo-Obstruction, Inc.
American Society of Clinical Nutrition
American Society of Hematology
American Society of Nephrology
American Thoracic Society
American Urological Association
Americans for Medical Progress
Arthritis Foundation
Association for Medical School Pharmacology
Association for Research in Vision and Ophthalmology
Association of Academic Health Centers
Association of Academic Physiatrists
Association of American Cancer Institutes
Association of American Medical Colleges
Association of American Veterinary Medical Colleges
Association of Behavorial Sciences and Medical Education
Association of Departments of Family Medicine
Association of Medical and Graduate Departments of Biochemistry
Association of Medical School Pediatric Department Chairmen
Association of Pathology Chairs
Association of Professors of Dermatology
Association of Professors of Medicine
Association of Program Directors in Internal Medicine
Association of Schools and Colleges of Optometry
Association of Schools of Public Health
Association of Subspecialty Professors
Association of University Radiologists
American Urogynecologic Society
Center for Ulcer Research and Education Foundation
Citizens for Public Action
Cooley's Anemia Foundation
Crohn's and Colitis Foundation of America
Cystic Fibrosis Foundation
Dean Thiel Foundation
Digestive Disease National Coalition
East Carolina University School of Medicine
Ehlers-Danlos National Foundation
Ermory University School of Medicine
The Endocrine Society
Epilepsy Foundation of America
Foundation for Ichthyosis and Related Skin Types
Gay Men's Health Crisis
General Clinical Research Center Program Directors' Association
Gluten Intolerance Group
Hemochromatosis Research Foundation
Hepatitis Foundation International
Inova Institute of Research and Education
Institute for Asthma and Allergy
International Foundation for Functional Gastrointestinal Disorders
Jeffrey Modell Foundation
Joint Council of Allergy, Asthma and Immunology
Juvenile Diabetes Foundation International
Lawson Wilkins Pediatric Endocrine Society
Lupus Foundation of America, Inc.
Medical Dermatology Society
Mount Sinai Medical Center
National Caucus of Basic Biomedical Science Chairs
National Committee to Preserve Social Security and Medicare
National Health Council
National Marfan Foundation
National Multiple Sclerosis Society
National Organization for Rare Disorders
National Osteoporosis Foundation
National Perinatal Association
National Tuberous Sclerosis Association
National Vitiligo Foundation, Inc.
National Vulvodynia Association
North America Society of Pacing and Electrophysiology
Oley Foundation for Home Parenteral and Enteral Nutrition
The Orton Dyslexia Society
Osteogenesis Imperfecta Foundation
PXE International
RESOLVE
Schepens Eye Research Institute
Scleroderma Research Foundation
Society for Academic Emergency Medicine
Society for the Advancement of Women's Health Research
Society for Inherited Metabolic Disorders
Society for Investigative Dermatology
Society for Pediatric Research
Society of Gastroenterology Nurses and Associates, Inc.
Society of Gynecologic Oncologists
Society of Medical College Directors of Continuing Medical Education
Soviety of University Urologists
St. Jude Children's Research Hospital
Tourette Syndrome Association, Inc.
United Ostomy Association
United Scleroderma Foundation
University of Rochester School of Medicine and Dentistry
Wound, Ostomy and Continence Nurses Society
Yale University School of Medicine.

AMERICAN FEDERATION
FOR MEDICAL RESEARCH
November 7, 1997.

Hon. THAD COCHRAN
The Honorable Edward Kennedy,
U.S. Senate, Washington, DC.

DEAR SENATORS COCHRAN AND KENNEDY: I write to express the strong support of the American Federation for Medical Research for the legislation you will introduce to enhance clinical research programs at the National Institutes of Health. The AFMR is a national organization of 6,000 physician scientists engaged in basic, clinical, and health services research. Most of our members receive NIH support for their basic research but are finding it increasingly difficult to obtain public or private funding for translational or clinical research—studies through which basic science discoveries are translated to the care of patients. In the past, academic medical centers provided institutional support for this research through revenues generated by patient care activities. However, as the health care marketplace has become increasingly competitive, academic centers have all but eliminated internal subsidizes clinical research or the training of clinical investigators. In fact, the Association of American Medical Colleges has estimated that these institutions have lost approximately $800 million in annual ''purchasing power'' for research and research training within their institutions. In this context, the $60 million in spending entailed in your legislation (representing less than one-half of one percent of the NIH budget) would seem an extremely modest investment in a much-needed program to reinvigorate our nation's clinical research capabilities.

The Clinical Research Enhancement Act is a conservative approach to a severe problem. The Institute of Medicine (IOM) expressed alarm about the challenges confronting clinical research in a 1994 report, and your bill is based on the initiatives recommended by the IOM:

The IOM recommended that the General Clinical Research Centers program be strengthened. Your bill would codify this program, which has existed since the late 1950's, so that the Congress will have greater discretion over GCRC funding.

The IOM recommended enhanced career development in clinical investigation, and your bill proposes such awards.

The IOM noted problems with the NIH peer review of clinical research. Your bill directs the NIH to improve the peer review process for such research and establishes ''innovative science awards'' that will be reviewed by scientists knowledgeable in clinical investigation.

The IOM recommended programs to relieve the tuition debt of physicians pursuing clinical research careers. Your bill would expand an existing NIH intramural program for this purpose to the extramural community.

The IOM recommended structured, didactic training in clinical investigation. Your bill authorizes funding for advanced degree (master's and Ph.D.) training in clinical research as successfully initiated at several institutions around the country.

The list of almost 150 organizations that support the Clinical Research Enhancement Act indicates the consensus of scientific, medical, consumer, and patient organizations that steps must be taken as soon as possible to stop the deterioration of the U.S. clinical research capacity, to reinvigorate the clinical research programs of academic medical centers, and to assure that the American people and the American economy benefit from the translation of basic science breakthroughs to improved clinical care and new medical products. The American Federation for Medical Research is pleased to have the opportunity to express its strong support for your legislation.

Sincerely,

JEFFREY KERN, MD.,
President.

As a coalition of organizations concerned about improving the quality of health care, the National Health Council strongly

supports the Clinical Research Enhancement Act. As you know, it has been more than three years since the Institute of Medicine (IOM) documented the major challenges confronting clinical research in our country. Your bill would implement a number of the IOM recommendations for addressing these problems. It is critically important that the NIH move forward as rapidly as possible with these initiatives.

The NIH is the major funding source in the United States for basic biomedical research. However, the major dividends from this investment are discoveries that improve our ability to prevent, effectively treat, and cure disease and disability. The NIH must foster not only the basic research that begins this process but also the translational research through which a basic science discovery is applied to a medical problem. There is generous industry support for clinical research and clinical trials aimed at the development of new products. However, private funding is extremely limited for initial translational research that may have little or no commercial product potential. Examples of such research include studies of nutritional therapies, new approaches to disease prevention, transplantation techniques, behavioral interventions, and studies of off-label uses of approved drugs. In the past, such research was often subsidized from patient care revenues to academic medical centers. However, competition in the health care marketplace has begun to erode this source of funding; therefore, NIH must play an expanded role in providing support for this research. The Clinical Research Enhancement Act would foster NIH funding opportunities for this type of research through the establishment of ''innovative medical science awards.'' Such studies will focus on translating basic research discoveries into tools that health care professionals can use to cure disease and relieve suffering.

In addition, we support provisions of the bill that would foster opportunities for physicians to pursue careers in clinical research. There is ample evidence that American physicians are opting out of careers in science for a variety of reasons. Steps must be taken to rebuild our nation's supply of well-trained physician scientists if the United States is to continue its leadership of the world in medical science.

Finally, the bill would direct the NIH to improve the peer review of patient-oriented research. Studies have documented the fact that clinical research proposals are at a disadvantage when reviewed by NIH study sections because of NIH's primary focus on basic biomedical research. This must be changed, as proposed in your bill, so that scientific opportunities to improve medical care are not lost.

The undersigned organizations are extremely grateful for your leadership in addressing the problems confronting clinical research. We support your initiative to assure that the NIH invests in the translational research that holds the key for patients around the country who are waiting for a cure. We are pleased to endorse the clinical Research Enhancement Act.

Alzheimer's Association
American Autoimmune Related Diseases Association
American Diabetes Association
American Kidney Fund
American Paralysis Association
Digestive Diseases National Coalition
Epilepsy Foundation of America
Foundation Fighting Blindness
Juvenile Diabetes Foundation International
Glaucoma Research Foundation
Myasthenia Gravis Foundation
National Alopecia Areata Foundation
National Multiple Sclerosis Society
National Osteoporosis Foundation
National Tuberous Sclerosis Association
Paget Foundation
Sjogren's Syndrome Foundation
Tourette Syndrome Association.

By Mr. MCCAIN (for himself, Mr. BURNS, Mr. CONRAD, and Mr. DORGAN):

S. 1422. A bill to amend the Communications Act of 1934 to promote competition in the market for delivery of multichannel video programming and for other purposes; to the Committee on Commerce, Science, and Transportation.

THE FEDERAL COMMUNICATIONS COMMISSION SATELLITE CARRIER OVERSIGHT ACT

Mr. MCCAIN. Madam President, today I am introducing the Federal Communications Commission Satellite Carrier Oversight Act. This bill will do a number of things to promote competition in the multichannel video marketplace. I wish to thank Senator BURNS for his support on this bill.

Congress has had a longstanding interest in promoting competition in the multichannel video marketplace so as to enable consumers to have a choice of video providers at competitive rates. However, a recent regulatory action threatens the ability of direct-to-home [DTH] satellite television operators to compete effectively with cable operators.

On October 27, 1997, the Librarian of Congress adopted a Copyright Arbitration Royalty Panel's recommendation of a precipitous and wholly unjustified increase in the copyright fees satellite carriers pay for superstation and network affiliate signals delivered to satellite TV households. This action will result in a rate increase for satellite television subscribers and have a detrimental effect on the ability of DTH operators to compete with cable.

This bill will ensure that this rate increase does not take effect as scheduled on January 1, 1998. It delays the effective date of the rate increase to January 1, 1999. The 7.5 million U.S. households who currently subscribe to satellite television deserve to have Congress examine the effect of this copyright fee increase on video competition and to consider changes to the law that would ensure a less arbitrary and more consumer friendly result. This delay will give the FCC an opportunity to determine what impact the increased copyright fees will have on satellite's ability to compete with cable, and it will give Congress an opportunity to evaluate the FCC's report and respond accordingly.

The current satellite copyright rates are 14 cents per subscriber per month for each superstation signal and 6 cents per subscriber per month for each network signal. Cable operators currently pay an average of 9.7 cents for the exact same superstations and 2.7 cents for the exact same network signals. At the 27-cent rate adopted by the Librarian, satellite carriers will be paying almost 270 percent more than cable for the exact same superstations and 900 percent more for the exact same network signals.

This creates an enormous disparity in the copyright fees paid for the same signals and will result in rate increases to satellite subscribers, which in turn will have a negative impact on competition between cable and satellite. Such a result is directly contrary to the intent of Congress to give consumers a choice of video providers at competitive rates.

The bill also addresses an issue of continuing concern to the DTH industry. Signal theft represents a serious threat to DTH operators. In the Telecommunications Act of 1996, Congress confirmed the applicability of penalties for unauthorized decryption of DTH satellite services. The amendment we propose would confirm the judicial interpretation that civil suits may be brought by DTH operators for signal theft.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1422

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Federal Communications Commission Satellite Carrier Oversight Act''.

SEC. 2. FINDINGS.

(a) The Congress finds that:

(1) Signal theft represents a serious threat to direct-to-home satellite television. In the Telecommunications Act of 1996, Congress confirmed the applicability of penalties for unauthorized decryption of direct-to-home satellite services. Nevertheless, concerns remain about civil liability for such unauthorized decryption.

(2) In view of the desire to establish competition to the cable television industry, Congress authorized consumers to utilize direct-to-home satellite systems for viewing video programming through the Cable Communications Policy Act of 1984.

(3) Congress found in the Cable Television Consumer Protection and Competition Act of 1992 that without the presence of another multichannel video programming distributor, a cable television operator faces no local competition and that the result is undue market power for the cable operator as compared to that of consumers and other video programmers.

(4) The Federal Communications Commission, under the Cable Television Consumer Protection and Competition Act of 1992, has the responsibility for reporting annually to the Congress on the state of competition in the market for delivery of multichannel video programming.

(5) In the Cable Television Consumer Protection and Competition Act of 1992, Congress stated its policy of promoting the availability to the public of a diversity of

views and information through cable television and other video distribution media.

(6) Direct-to-home satellite television service is the fastest growing multichannel video programming service with approximately 8 million households subscribing to video programming delivered by satellite carriers.

(7) Direct-to-home satellite television service is the service that most likely can provide effective competition to cable television service.

(8) Through the compulsory copyright license created by Section 119 of the Satellite Home Viewer Act of 1988, satellite carriers have paid a royalty fee per subscriber, per month to retransmit network and superstation signals by satellite to subscribers for private home viewing.

(9) Congress set the 1988 fees to equal the average fees paid by cable television operators for the same superstation and network signals.

(10) Effective May 1, 1992, the royalty fees payable by satellite carriers were increased through compulsory arbitration to $0.06 per subscriber per month for retransmission of network signals and $0.175 per subscriber per month for retransmission of superstation signals, unless all of the programming contained in the superstation signal is free from syndicated exclusivity protection under the rules of the Federal Communications Commission, in which case the fee was decreased to $0.14 per subscriber per month. These fees were 40–70 percent higher than the royalty fees paid by cable television operators to retransmit the same signals.

(11) On October 27, 1997, the Librarian of Congress adopted the recommendation of the Copyright Arbitration Royalty Panel and approved raising the royalty fees of satellite carriers to $0.27 per subscriber per month for both superstation and network signals, effective January 1, 1998.

(12) The fees adopted by the Librarian are 270 percent higher for superstations and 900 percent higher for network signals than the royalty fees paid by cable television operators for the exact same signals.

(13) To be an effective competitor to cable, direct-to-home satellite television must have access to the same programming carried by its competitors and at comparable rates. In addition, consumers living in areas where over-the-air network signals are not available rely upon satellite carriers for access to important news and entertainment.

(14) The Copyright Arbitration Royalty Panel did not adequately consider the adverse competitive effect of the differential in satellite and cable royalty fees on promoting competition among multichannel video programming providers and the importance of evaluating the fees satellite carriers pay in the context of the competitive nature of the multichannel video programming marketplace.

(15) If the recommendation of the Copyright Arbitration Royalty Panel is allowed to stand, the direct-to-home satellite industry, whose total subscriber base is equivalent in size to approximately 11 percent of all cable households, will be paying royalties that equal half the size of the cable royalty pool, thus giving satellite subscribers a disproportionate burden for paying copyright royalties when compared to cable television subscribers.

SEC. 3. DBS SIGNAL SECURITY.

(a) Section 605(d) of the Communications Act of 1934 (47 U.S.C. 605) is amended by adding after ''satellite cable programming,'' the following: ''or direct-to-home satellite services,''.

SEC. 4. PROCEEDING ON RETRANSMISSION OF DISTANT BROADCAST SIGNALS; REPORT ON EFFECT OF INCREASED ROYALTY FEES FOR SATELLITE CARRIERS ON COMPETITION IN THE MARKET FOR DELIVERY OF MULTICHANNEL VIDEO PROGRAMMING.

(a) Section 628 of the Communications Act of 1934 (47 U.S.C. 548) is amended—

(1) by adding at the end of subsection (g): ''The Commission shall, within 180 days of enactment of this amendment initiate a notice of inquiry to determine the best way in which to facilitate the retransmission of distant broadcast signals such that it is more consistent with the 1992 Cable Act's goal of promoting competition in the market for delivery of multichannel video programming and the public interest. The Commission also shall within 180 days of enactment report to Congress on the effect of the increase in royalty fees paid by satellite carriers pursuant to the decision by the Librarian of Congress on competition in the market for delivery of multichannel video programming and the ability of the direct-to-home satellite industry to compete.''

SEC. 5. EFFECTIVE DATE OF INCREASED ROYALTY FEES.

(a) Notwithstanding any other provision of law, the Copyright Office shall be prohibited from implementing, enforcing, collecting or awarding copyright royalty fees, and no obligation or liability for copyright royalty fees shall accrue pursuant to the decision of the Librarian of Congress on October 27, 1997, which established a royalty fee of $0.27 per subscriber per month for the retransmission of distant broadcast signals by satellite carriers, before January 1, 1999.

By Mr. HAGEL (for himself, Mr. BENNETT, Mr. KERREY, and Mr. GRAMS):

S. 1423. A bill to modernize and improve the Federal Home Loan Bank System; to the Committee on Banking, Housing, and Urban Affairs.

THE FEDERAL HOME LOAN BANK SYSTEM MODERNIZATION ACT

Mr. HAGEL. Mr. President, I rise today to introduce the Federal Home Loan Bank System Modernization Act of 1997. I am joined in this effort by my distinguished colleagues Senators BENNETT, GRAMS, and KERREY.

This legislation represents months of work in crafting a bill that has bipartisan support. The process has been open, and we have included all the affected parties: The Federal Home Loan Banks themselves, the Federal Housing Finance Board, and the banking industry. This process has allowed us to craft legislation that represents, above all, sound banking policy.

This bill will help community banks and the consumers who rely on them. Take, for example, the case of Commercial State Bank in Wausa, NE. Commercial has served northeast Nebraska as an agricultural and business lender for more than 70 years.

Now, with a growing economy in the region, the bank is growing as well. In the small community of 600 people, deposits cannot keep pace with the growing demand for loans—and that means the bank's liquidity is declining. With less liquidity, there just isn't as much money available for lending as the community demands.

This bill would help banks like Commercial and communities like Wausa. As Doug JOHNSON, president of Commercial State Bank, wrote to me about this legislation:

If banks like the Commercial State Bank were able to access the Federal Home Loan Bank, our customers would be better able to be serviced with a consistent and competitive source of funding. Denying credit to qualified borrowers is not productive for Nebraska or the Midwest. Unfortunately, those borrowers may miss the opportunities available to them at this time to improve their economic prosperity.

Mr. President, that is what this bill is all about—helping small communities to better secure their economic futures.

The Federal Home Loan Bank system was established in 1932, primarily to provide a source of credit to savings and loan institutions for home lending. Now, a majority of the members in the FHLB system are commercial banks. We should update this system to recognize this change in its membership.

Not since 1989 has significant Federal Home Loan Bank legislation become law. The system is working well, but I believe Congress can make it better. It's time for Congress to act.

This legislation has four main components:

First, it recognizes the importance of the FHLB system to community banks. Many smaller institutions are dependent on deposits to fund lending in their local communities. Because of competition from non bank competitors, those deposits are shrinking. That is going to mean less community lending—which will hurt the economies of these small communities. A recent article in American Banker newspaper titled ''Small Banks Face Crisis as Deposits Drain Away'' highlighted this problem, and I ask that this article be printed in the RECORD at the conclusion of my remarks.

Our legislation would ease membership requirements for smaller community banks and thrifts that are vital sources of credit in their local communities. It would allow the FHLB System to be more easily accessed as an important source of liquidity for community lenders. These institutions would be permitted to post different types of collateral for various kinds of lending. This critical change will facilitate more small business, rural development, agricultural, and low-income community development lending in rural and urban communities.

The second main component of this bill is an issue of basic fairness. Federally chartered savings associations, or thrifts as they are called today, are required to be members of the Federal Home Loan Bank System. Commercial banks, on the other hand, are voluntary members. This disparity is unfair.

Our legislation allows federally chartered thrifts to become voluntary members. This is important to these institutions, which are large stockholders in the Federal Home Loan Bank System. It is critical that all member financial institutions have the ability to choose whether Federal Home Loan Bank membership is appropriate or not. As a result of this action, we also equalize stock purchase requirements for all member institutions. We do this in a way that maintains and enhances the safety and soundness of the FHLB system.

The third component of this legislation fixes an imbalance in the system's annual REFCORP obligation. Currently, the 12 FHLBanks must collectively pay a fixed $300 million obligation to service the REFCORP bonds

that were issued to help pay for the S&L bailout. This fixed obligation has driven the banks to increase their levels of non-mission-related investments.

Under our legislation each FHLBank would be required to pay 20.75 percent of its earnings to service the REFCORP debt. Freeing the FHLBanks of the obligation to generate a specific dollar figure would allow them to concentrate on their primary mission of housing finance and community lending. This change was scored by the Congressional Budget Office as increasing Federal revenues by $44 million over the next 5 years. In other words, this change would allow a $44 million reduction in taxpayer obligations.

Fourth and finally, the legislation addresses the issue of devolution of management functions from the Finance Board to the FHLBanks. On issues of day-to-day management, the FHLBanks should be able to govern themselves independently of their regulator. The function of the Finance Board should be mission regulation and safety-and-soundness regulation. The provisions of the legislation that accomplish this goal are non controversial and enjoy broad support.

Mr. President, it is time to modernize the Federal Home Loan Bank System. The landscape of the financial services industry is rapidly evolving. The Federal Home Loan Banks should be allowed to modernize to keep pace with these changes. I am proud to take up this issue in the Senate and build on the work done in the House of Representatives by Congressmen BAKER and KANJORSKI, both tireless proponents for Federal Home Loan Bank modernization. Their help in the formulation of this legislation was critical.

I sincerely hope the Senate Banking Committee and the full Senate will have the chance to consider this important legislation, and I encourage my colleagues to support it.

Mr. President, I ask unanimous consent that additional material be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From American Banker, Oct. 14, 1997]

SMALL BANKS FACE CRISIS AS DEPOSITS DRAIN AWAY

(By Laura Pavlenko Lutton)

Community banks are finding it increasingly tough to meet deposit and withdrawal demands as customers shift their deposits into higher-yielding investments like mutual funds. ''I think it could become a crisis,'' said C. William Landefeld, president of Citizens Savings Bank in Bloomington, Ill., and chairman of America's Community Bankers. ''It's one of our biggest concerns.''

Over the last three years, loans at banks with assets between $100 million and $1 billion have grown nearly 11% while deposits only increased 3.27%, according to the Federal Deposit Insurance Corp. At June 30, loans at these banks averaged 74% of deposits—an all-time high. ''We're clearly seeing some community banks struggle with liquidity,'' said Keith Leggett, an economist at the American Bankers Association. Loan-to-deposit ratios above 70% force these institutions to seek alternative sources of funds to meet loan demand—a move that can squeeze profit margins.

''Banks may give up liquidity to meet loan demand and that raises a safety question,'' he added. While deposits are leaving banks of all sizes, the problem is worst at small banks because they have fewer funding sources. ''The big banks can issue debt securities, but we can't really do that,'' said Arthur C. Johnson, president of United Bank of Michigan, a $165 million-asset bank in Grand Rapids.

''Smaller banks don't have the same access to the capital markets.'' Many of these banks also are in towns with dwindling populations or slumping economies. Dennis Utter, president of $45 million-asset Adams County Bank, said it's difficult to keep deposits in the bank's hometown of Kenesaw, Neb. Baby boomers have moved much of their savings to alternative investments, and younger depositors are even tougher to attract, he said. ''When an old, loyal customer passes away, those funds don't stay in Adams County Bank,'' he said. ''The heirs don't live here anymore.''

To increase liquidity, community bankers are turning to the Federal Home Loan Bank System, seeking out deposit brokers, nudging up interest rates, or selling off assets. The 12 Federal Home Loan banks, which lend money to member institutions, are a popular source of funds for community banks nationwide. Membership in the system has doubled in the last six years to roughly 6,300, and through August total loans were up 10.3%, to 177.8 billion.

Mr. Johnson said United Bank of Michigan has borrowed $5 million from the Federal Home Loan Bank of Indianapolis to fund loan growth. But the Federal Home Loan Bank System is not the answer for all community banks. Membership is limited to banks and thrifts with mortgages making up at least 10% of their total loan portfolios. What's more, only mortgage loans may be used as collateral, further limiting what some institutions may borrow.

William L. McQuillan, president of City National Bank in Greely, Neb., said his bank went out and brought enough mortgages to meet the 10% test so it could start borrowing. ''We couldn't continue to go out in the local market and pay up for deposits,'' he said. The membership and collateral requirements soon may be relaxed through rule change and pending legislation.

For example, banks may be able to reclassify some agricultural loans as mortgages under a proposed rule, and pending legislation would waive the 10% mortgage rule for banks with assets under $500 million—making 800 more banks eligible for membership. In the meantime, banks may buy deposits from brokers. Mr. Utter said he buys about $5 million of deposits to get Adams County Bank through the peak agricultural lending season of April through October.

''Brokered deposits used to be really frowned upon by regulators, but we're not funding long-term investments'' he said. Bank also sell older loans in their portfolio, branches, or other investments to boost liquidity.

Gary Scott, president of Cheatam State Bank in Kingston Springs, Tenn., said his bank occasionally bundles 15- to 20-year mortgages and then sells them to raise cash. Citizens Savings Bank recently sold one of its under-performing branches to bring in new funds. The bank sacrificed the branch's $7 million of deposits, but Citizens was able to use cash from the sale to pay off some Federal Home Loan bank advances, Mr. Landefeld said.

First Dakota National Bank in Yankton, S.D., has sold off municipal bond securities in recent years to increase its loan capacity, according to its president, James Ahrendt. Lew Stone, president of Goleta (Calif.) National Bank, said his bank is using the Internet to solve liquidity problems. Goleta sells certificates of deposit through an electronic bulletin board, raising and lowering the rates depending on how much money the bank needs. ''We could raise $10 million overnight if we had to,'' Mr. Stone said.

Industry experts say they expect the current trend of declining deposit growth and increasing loan demand to continue. ''I don't see any real relief for community banks,'' said Charles N. Cranmer, head of equity research at M.A. Schapiro & Co. in New York. ''You've got a banking population that's been educated that they can do better things with their money than put it in a bank.''

By Mr. MURKOWSKI (for himself, Mr. AKAKA, Mr. STEVENS, and Mr. INOUYE):

S. 1424. A bill to amend the Internal Revenue Code of 1986 to modify the air transportation tax changes made by the Taxpayer Relief Act of 1997; to the Committee on Finance.

AVIATION TAXES MODIFICATION LEGISLATION

Mr. MURKOWSKI. Mr. President, today, along with Senators AKAKA, STEVENS, and INOUYE, I am introducing legislation that will provide a measure of relief to the citizens of Alaska and Hawaii who must rely on air transport far more than citizens in the lower-48.

When Congress adopted the balanced budget legislation last summer, one of the provisions of the tax bill re-wrote the formula for calculating the air passenger tax for domestic and international flights. As part of this formula change, Congress adopted a per passenger, per segment fee which disproportionately penalizes travelers to and from Alaska and Hawaii who have no choice but to travel by air.

Th legislation we are introducing today would reinstate the prior law 10 percent tax formula for flights to and from our states. In addition, the $6 international departure fees that are imposed on such flights would be retained at the current level and would not be indexed. I see no reason why passengers flying to and from our states must face a guaranteed increase in tax every year because of inflation. We don't index tobacco taxes, we don't index fuel taxes; why should government automatically gain additional revenue from air passengers simply because of inflation?

Mr. President, this legislation requires that intrastate Alaska and Hawaii flights will be subject to a flat 10 percent tax if such flights do not originate or terminate at a rural airport in our states. In addition, the definition of a rural airport is expanded to include airports within 75 miles of each other where no roads connect the communities. In many towns in Alaska, air transport is the only viable means of transportation from one community to another. There is no reason these airports should be denied the benefit of the special rural airport tax rate simply because our state does not have the

transportation infrastructure or geographic definition that exists in most of the lower-48.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1424

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. MODIFICATIONS TO AIR TRANSPORTATION TAX CHANGES MADE BY TAXPAYER RELIEF ACT OF 1997.

(a) ELIMINATION OF INFLATION ADJUSTMENT FOR TAX ON CERTAIN USE OF INTERNATIONAL TRAVEL FACILITIES.—Section 4261(e)(4) of the Internal Revenue Code of 1986 (relating to inflation adjustment of dollar rates of tax) is amended—

(1) in subparagraph (A), by striking ''each dollar amount contained in subsection (c)'' and inserting ''the $12.00 amount contained in subsection (c)(1)'', and

(2) in subparagraph (B)(ii), by striking ''the dollar amounts contained in subsection (c)'' and inserting ''the $12.00 amount contained in subsection (c)(1)''.

(b) MODIFICATION OF RURAL AIRPORT DEFINITION.—Subclause (I) of section 4261(e)(1)(B) of the Internal Revenue Code of 1986 (defining rural airport) is amended by inserting ''(or is so located but is not connected to such other airport by paved roads)'' after ''clause (i)''.

(c) IMPOSITION OF TICKET TAX ON SEGMENTS TO AND FROM ALASKA OR HAWAII OR WITHIN ALASKA OR HAWAII AT RATE IN EFFECT BEFORE THE TAXPAYER RELIEF ACT OF 1997.—Section 4261(e) of the Internal Revenue Code of 1986 (relating to special rules) is amended by adding at the end the following:

''(6) SEGMENTS TO AND FROM ALASKA OR HAWAII OR WITHIN ALASKA OR HAWAII.—Except with respect to any domestic segment described in paragraph (1), in the case of transportation involving 1 or more domestic segments at least 1 of which begins or ends in Alaska or Hawaii or in the case of a domestic segment beginning and ending in Alaska or Hawaii—

''(A) subsection (a) shall be applied by substituting ''10 percent'' for the otherwise applicable percentage, and

''(B) the tax imposed by subsection (b)(1) shall not apply.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the amendments made by section 1031 of the Taxpayer Relief Act of 1997.

Mr. INOUYE. Mr. President, I am pleased to lend my support to Senator MURKOWSKI's bill that would amend Public Law 105–34, the Taxpayer Relief Act of 1997, with respect to domestic aviation travel to, from, and within Hawaii and Alaska. Hawaii, unlike any other State, save Alaska, does not have the transportation alternatives that are available to citizens of other States. Roads, bridges, trains, and buses do not operate between the islands of Hawaii. This geographic difference causes any tax imposed on the cost of flying, our citizens' only means of getting from one island to another, to fall disproportionately on our citizens.

This bill would correct any injustice that the citizens of Hawaii and Alaska were, perhaps inadvertently, subjected to as a result of last summer's passage of increased excise taxes on air transportation. Specifically, the Taxpayer Relief Act of 1997's provision for the collection of an additional segment tax for each segment of air travel among the Hawaiian Islands disproportionately penalized Hawaii citizens.

In addition, the current law definition of ''rural airports'' is under inclusive. Under the current law, Hawaii citizens traveling to and from an airport located within 75 miles of a high-traffic airport that is inaccessible to them because there are no paved roads connecting the two airports, are nonetheless ineligible for the reduced 7.5 percent tax. By amending the definition of ''rural airports,'' this bill will afford Hawaii citizens the same tax benefits as similarly situated citizens of other States.

Therefore, I support the reinstatement of the pre-act formula for computing taxes on domestic segments that begin or end in Alaska and Hawaii, which would correct the inequitable tax treatment of Hawaii passengers under the current law.

It is my hope that my colleagues will support this measure during the second session of the 105th Congress.

Mr. AKAKA. I am pleased to join Senator MURKOWSKI and other colleagues in introducing legislation today that addresses certain aviation tax inequities that were enacted as part of Public Law 105–34, the Taxpayer Relief Act of 1997.

Among other aviation provisions, Public Law 105–34 lowered the passenger ticket tax from 10 percent to 9 percent, falling incrementally to 7.5 percent over 3 years. In addition, the law established a new domestic segment fee of $1, rising incrementally to $3 over 5 years, which will ultimately be indexed for inflation. However, flights from certain small, rural airports are taxed at a simple 7.5 percent rate and exempted from the segment fee. Finally, while the existing $6 international departure tax for flights between Hawaii and other states is maintained, the charge is indexed for inflation beginning in 1999.

Mr. President, these taxes unfairly discriminate against Hawaii travellers. Residents of and visitors to Hawaii are entirely dependent on plane service for communication among the State's eight major islands as well as for travel to and from the distant U.S. mainland. The new aviation charges make personal, commercial, and Government travel within Hawaii more costly and hurts our tourism-based economy by inhibiting visitation from other States. I understand that many of these problems also apply to Alaska, which has similar transportation concerns.

The bill we are introducing today addresses these shortcomings. Our legislation would reinstate the prior 10 percent ticket tax and eliminate the new segment fee on flights between our States and the mainland as well as on intrastate flights in Hawaii and Alaska. The measure would also eliminate the inflation adjustment for the $6 international departure tax to which flights to and from our States are subject. Finally, the bill would redefine the rural airport exemption in such a way that will qualify many passengers travelling within Hawaii and Alaska for the reduced 7.5 percent rate.

Thank you, Mr. President. For the sake of Hawaii's and Alaska's unique air transportation needs, I urge my colleagues to support this initiative.

By Mr. BURNS:

S. 1425. A bill to provide for the preservation and sustainability of the family farm through the transfer of responsibility for operation and maintenance of the Flathead Indian Irrigation Project, Montana; to the Committee on Indian Affairs.

THE FLATHEAD IRRIGATION PROJECT TRANSFER ACT OF 1997

Mr. BURNS. Madam President, I rise today to introduce a bill to transfer the operation of an irrigation project in Montana from the Bureau of Indian Affairs to the local irrigators. This is a bill, which has been before Congress before, but has been changed to address the concerns expressed by the BIA and groups which have opposed this legislation in the past.

Years of management by the Bureau of Indian Affairs has led to a project in poor physical condition. Rather than being an asset for the government and the users, the Flathead Irrigation is rapidly becoming a liability. Using current estimates, the project is in need of $15 to $20 million worth of repair and conditioning. Government managers admit that costs associated with rehabilation of this project could be as much as 40 percent higher than if the project were under local control.

The irony of this project however, is the fact that studies on locally owned irrigation projects in Montana and Wyoming show that the costs of operation and maintenance of the Flathead project are some of the highest in the Rocky Mountain Region the condition of the project may be worst in that same region. What do these people, and for that matter the taxpayer, get for the higher costs associated with the current management? Not much if anything at all.

Let's take a moment here to see what local control of this irrigation project would mean to the irrigators and to the taxpayer. First of all, local control will mean increased accountability of the monies collected by and used in the operation of the Flathead Irrigation Project. At the current time the BIA is unable, or unwilling, to provide basic financial information to the local irrigation districts. This despite the fact that the local farmers and ranchers pay 100% of the costs to operate and maintain the project. At the same time, the current management cannot even deliver a year-end balance of funds paid by the local irrigation users.

Local control will also create savings over the current operation management. By using these savings the local management could be used to restore the Flathead Irrigation Project to a fully functioning, efficiently operating unit.

Without the transfer to local control, the residents of the Flathead face an uncertain future. This irrigation project is located in one of the most beautiful valleys in western Montana. Current trends in agriculture have put farmers and ranchers in a difficult position. Montana farmers and ranchers have always been land rich and cash poor. In the case of this valley in Montana, this is the rule and not the exception. They live in an area that is being changed daily due to the number of summer home construction, because of the beauty and a temperate climate for Montana.

The family farmers and ranchers in this area continue to face economic pressures from outside. Which has led to a number of folks packing up and subdividing their land for residential home sites. Those who have packed up and left the area, have taken their land and subdivided it for the residential development, removing the land from agricultural production.

The subdivision of the land has a number of negative impacts on this valley and Montana and the Nation. The landscape is dotted with magnificent homes which impacts on the landscape and open spaces, and of course wildlife. Another of the major impacts sin on the local and state economies and governments. Agriculture land in Montana pays approximately $1.29 in property taxes for every dollar invested by the local government for services. Residential subdivisions only pay approximately $0.89 for every dollar they receive in local government services.

Preservation of the small family farm and ranch in the Mission, Jocko and Camas valleys in Montana is dependent upon local control. As local control of the Flathead Irrigation Project will provide these hard working Americans an opportunity to control and have input on the costs associated with the operation of this vital water source.

The local control of this project is supported by a wide cross section of Montanan's. Governor Marc Racicot, the Lake County Commissioners and local irrigation districts are among the local government officials in support of this bill. Organizations which have voiced their support for the measure include the Montana Stockgrowers Association, Montana Water Resources Association and the National Water Resources Association. The support of this measure in bipartisan in nature as well.

Madam President. I am pleased to introduce this measure today, and I look forward to moving this bill forward through committee and to the floor in an attempt to give local control back to the people who depend on the Flathead Irrigation Project for their way of living.

By Mr. LAUTENBERG:

S. 1426. A bill to encourage beneficiary developing countries to provide adequate protection of intellectual property rights, and for other purposes; to the Committee on Finance.

THE RIGHTS OF INTELLECTUAL PROPERTY OWNERS FAIRNESS FACILITATION ACT OF 1997

Mr. LAUTENBERG. Mr. President, I rise today to introduce legislation I believe will encourage many of our trading partners to improve their protection of American intellectual property rights. This is not an insignificant matter, Mr. President. It is estimated that American companies lose approximately $50 billion every year from intellectual property violations. This theft not only affects a company's bottom line, it means losses to America's competitiveness, and, most importantly, it means loss of American jobs.

The ''Rights of Intellectual Property Owners Fairness Facilitation Act of 1997,'' or RIP-OFF, will require participants in the Generalized System of Preferences program to expedite their implementation of the intellectual property agreement contained in the Uruguay Round of the General Agreement on Tariffs and Trade. In addition, to continue as a GSP beneficiary, a country must fully comply with the terms of any bilateral or other multilateral intellectual property agreement it has with the United States.

Mr. President, the Agreement on the Trade-Related Aspects of Intellectual Property Rights, known as TRIPS, requires signatories to improve and better enforce the rights of intellectual property holders. Unfortunately, too many countries are able to delay implementation of TRIPS for an inordinately long period of time. Developing countries have until 2000 and least developed countries are permitted to delay some TRIPS requirements for as long as 2006. The United States simply cannot afford to permit piracy to continue unabated for such a lengthy period.

The GSP program enables certain products from developing countries to be exported to the United States duty-free. Through the years, Congress has conditioned the receipt of these tariff preferences on such factors as whether a country enforces arbitral awards in favor of US citizens, whether it affords internationally recognized worker rights to its workers, and whether it harbors terrorists. Although GSP beneficiaries are supposed to provide 'adequate and effective' intellectual property protection, it is an amorphous standard that has only been used a handful of times against countries, and then, only for a limited period of time, and with limited success. By tying the GSP program to expedited implementation of TRIPS and full compliance with agreements they have negotiated with the U.S., countries will know what they must do and by when to continue receiving GSP benefits. It also demonstrates our commitment to protecting American intellectual property rights overseas.

My legislation conforms to current law, which provides the President with the discretion, via a waiver, to continue or extend GSP benefits to a country that does not comply with the requirements of this bill by allowing a waiver. The President has every right to determine that designating a country as a GSP beneficiary is in the national economic interest of the United States. I thought it was important to maintain the existing flexibility in this program. My bill will also enable our government to provide support and technical assistance to countries having difficulty meeting their intellectual property protection requirements.

The GSP program provides countries with a benefit, not a right. Congress continues to downsize the federal government. Resources are scarce. In this climate, it is inappropriate to provide GSP benefits to countries that do not uphold our intellectual property rights. Industries reliant upon strong intellectual property protection, pharmaceutical, telecommunications, and motion picture companies, for example, are among this country's most competitive. We should be fostering this competitiveness by using appropriate tools to protect our innovators. Mr. President, this legislation will accomplish this goal.

This legislation is very similar to a bill I introduced several years ago with Senator ROTH. The modifications I have made account for the time countries have already had to commence changes to their intellectual property laws and regulations. Additionally, the bill clarifies that the standards provided in TRIPS should be the floor for intellectual property agreements, and that our government should continue seeking stronger protection for American intellectual property owners.

Mr. President, I urge my colleagues to support this legislation and ask unanimous consent that the text of the bill be inserted into the RECORD along with letters of support.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1426

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Rights of Intellectual Property Owners Fairness Facilitation Act of 1997''.

SEC. 2. FINDINGS.

Congress makes the following findings:

(1) United States industry loses billions of dollars each year to countries that do not provide adequate protection of intellectual property rights.

(2) According to the Department of Commerce, United States companies lose approximately $50,000,000,000 annually as a result of violations of intellectual property rights by foreign countries.

(3) It is in the interest of the United States to leverage its foreign policy to achieve certain trade policy objectives, such as adequate, effective, and timely protection of intellectual property rights.

(4) Several countries that qualify under the generalized system of preferences provisions have been identified under section 182 of the Trade Act of 1974 (19 U.S.C. 2242) as countries that do not provide adequate and effective protection of patents, copyrights, and trademarks or deny fair and equitable market access to United States persons that rely on intellectual property rights protection.

(5) Several countries that receive United States foreign assistance also have been identified under section 182 of the Trade Act of 1974 as countries that do not provide adequate and effective protection of patents, copyrights, and trademarks or deny fair and equitable market access to United States persons that rely on intellectual property rights protection.

SEC. 3. COUNTRIES INELIGIBLE FOR GSP TREATMENT.

(a) IN GENERAL.—

(1) IMPLEMENTATION OF AGREEMENT ON TRIPS AND OTHER AGREEMENTS RELATING TO INTELLECTUAL PROPERTY RIGHTS.—Section 502(b)(2) of the Trade Act of 1974 (19 U.S.C. 2462(b)(2)) is amended—

(A) by inserting immediately after subparagraph (G) the following new subparagraphs:

''(H) Such country is not implementing parts I, II, and III of the Agreement on TRIPS—

''(i) beginning on the date that is 1 year after the date of enactment of the Rights of Intellectual Property Owners Fairness Facilitation Act of 1997; or

''(ii) by January 1, 2000, in the case of a least-developed beneficiary developing country.

''(I) Beginning on the date that is 90 days after the date of enactment of the Rights of Intellectual Property Owners Fairness Facilitation Act of 1997, such country is not implementing—

''(i) article 70(9) of part VII of the Agreement on TRIPS; or

''(ii) any bilateral or multilateral agreement (other than an agreement described in subparagraph (H) or clause (i)) to protect and enforce intellectual property rights entered into with the United States.'';

(B) in the last sentence, by striking ''(D), (E), (F), and (G)'' and inserting ''(D), (E), (F), (G), (H), and (I)''.

(2) CONFORMING AMENDMENT.—Section 507 of such Act (19 U.S.C. 2467) is amended by adding at the end the following new paragraph:

''(6) AGREEMENT ON TRIPS.—

''(A) TRIPS.—The term 'Agreement on TRIPS' means the Agreement on Trade-Related Aspects of Intellectual Property Rights entered into as part of the Uruguay Round Agreements.

''(B) URUGUAY ROUND AGREEMENTS.—The term 'Uruguay Round Agreements' means the trade agreements resulting from the Uruguay Round of multilateral trade negotiations under the auspices of the General Agreement on Tariffs and Trade.''.

(b) DESIGNATION AS ELIGIBLE GSP COUNTRY.—Section 502 of such Act (19 U.S.C. 2462) is amended by adding at the end the following new subsection:

''(g) DESIGNATION WHERE COUNTRY ADHERES TO THE AGREEMENT ON TRIPS AND OTHER INTELLECTUAL PROPERTY RIGHTS AGREEMENTS; ANNUAL REPORTS.—

''(1) DESIGNATION AS BENEFICIARY DEVELOPING COUNTRY.—A country—

''(A) which has been denied designation as a beneficiary developing country on the basis of subsection (b)(2)(H) or (I), or

''(B) with respect to which such designation has been withdrawn or suspended based on subsection (b)(2) (H) or (I),

may be designated as a beneficiary developing country under this title, if the President determines that the country is fully implementing parts I, II, III and article 70(9) of part VII of the Agreement on TRIPS, and any other agreement entered into with the United States that relates to intellectual property rights, and reports the determination to Congress.

''(2) REPORTS.—

''(A) ANNUAL REPORTS.—Not later than the date that is 1 year after the date of enactment of the Rights of Intellectual Property Owners Fairness Facilitation Act of 1997, and annually thereafter, the President shall determine whether each country designated as a beneficiary developing country under this title is fully implementing parts I, II, and III of the Agreement on TRIPS and shall report such findings to Congress.

''(B) OTHER REPORTS.—Not later than 90 days after the date of enactment of the Rights of Intellectual Property Owners Fairness Facilitation Act of 1997, and annually thereafter, the President shall determine whether each country designated as a beneficiary developing country under this title is fully implementing article 70(9) of part VII of the Agreement on TRIPS and any other agreement entered into with the United States that relates to intellectual property rights and shall report such determination to Congress.''.

SEC. 4. COORDINATION OF TRADE POLICY AND FOREIGN POLICY.

(a) OTHER EFFORTS TO IMPROVE PROTECTION OF INTELLECTUAL PROPERTY RIGHTS.—The United States Trade Representative shall notify the Secretary of State, the Secretary of Commerce, and the Administrator of the Agency for International Development on a regular basis of any country which is not fully implementing parts I, II, III and article 70(9) of part VII of the Agreement on TRIPS, and any other agreement entered into with the United States that relates to intellectual property rights.

(b) ENCOURAGING IMPLEMENTATION OF AGREEMENT ON TRIPS.—The Secretary of State, the Secretary of Commerce, and the Administrator of the Agency for International Development shall cooperate with the United States Trade Representative by encouraging any country that receives foreign assistance and is not fully implementing the Agreement on TRIPS or any other agreement entered into with the United States that relates to intellectual property rights to enact and enforce laws that will enable the country to implement the Agreement on TRIPS and any other intellectual property rights agreement. To further this objective, the Secretary of State shall instruct the head of each United States diplomatic mission abroad to include intellectual property rights protection as a priority objective of the mission.

(c) OTHER ACTIONS TO ENCOURAGE PROTECTION OF INTELLECTUAL PROPERTY RIGHTS.—Notwithstanding any other provision of law, the President is authorized to undertake the following actions, where appropriate, with respect to a developing country to encourage and help the country improve the protection of intellectual property rights:

(1) Provide Overseas Private Investment Corporation insurance for intellectual property assets.

(2) Require foreign assistance programs to provide support for the development of national intellectual property laws and regulations and for the development of the infrastructure necessary to protect intellectual property rights.

(3) Establish technical cooperation committees on intellectual property standards within regional organizations.

(4) Establish, as a joint effort between the United States Government and the private sector, a council to facilitate and provide intellectual property-related technical assistance through the Agency for International Development and the Department of Commerce.

(5) Require United States representatives to multilateral lending institutions to seek the establishment of programs within the institutions to support strong intellectual property rights protection in recipient countries that have fully implemented parts I, II, III and article 70(9) of part VII of the Agreement on TRIPS, and any other agreement entered into with the United States that relates to intellectual property rights.

(d) DEFINITIONS.—In this section:

(1) AGREEMENT ON TRIPS.—The term ''Agreement on TRIPS'' means the Agreement on Trade-Related Aspects of Intellectual Property Rights entered into as part of the trade agreements resulting from the Uruguay Round of multilateral trade negotiations under the auspices of the General Agreement on Tariffs and Trade.

(2) DEVELOPING COUNTRY.—The term ''developing country'' means any country which is—

(A) eligible to be designated a beneficiary developing country pursuant to title V of the Trade Act of 1974 (19 U.S.C. 2461 et seq.); or

(B) designated as a least-developed beneficiary developing country pursuant to section 502 of such Act (19 U.S.C. 2462).

PHARMACEUTICAL RESEARCH AND MANUFACTURERS OF AMERICA,
Washington, DC, September 19, 1997.

Hon. FRANK LAUTENBERG,
United States Senate,
Washington, DC.

DEAR SENATOR LAUTENBERG: I am writing to express PhRMA's appreciation and support for your legislation, the ''rights of Intellectual Property Owners Fairness Facilitation Act of 1997.'' The protection and enhancement of American intellectual property is fundamental to the competitiveness of many U.S. industries, especially the research-based pharmaceutical industry. Thanks to the support of the Congress and the Executive Branch, over the years many countries such as Mexico and Brazil have improved their intellectual property regimes, thereby improving their prospects for economic development and setting a positive example for other countries around the world.

I believe your legislation, by providing a balanced range of incentives for countries to improve their protection of intellectual property rights, will send a positive signal to our trading partners. Please do not hesitate to contact me if there is anything PHRMA can do to support the passage of your legislation.

Sincerely,

ALAN F. HOLMER,
President.

PROCTER & GAMBLE,
Washington, DC, October 28, 1997.

Hon. FRANK LAUTENBERG,
United States Senate,
Washington, DC.

DEAR SENATOR LAUTENBERG: On behalf of Procter & Gamble, I write in strong support of your efforts to protect U.S. intellectual property rights through your bill, the ''Rights of Intellectual Property Owners Fairness Facilitation Act of 1997.''

Procter & Gamble now generates over half of its $35 billion annual sales from international markets. America's leadership to create rules-based international markets is

one of our primary concerns. As we continue to build our business in developing countries, we seek a ''level playing field'' in the form of transparent, rules-based treatment and protection of investments, including trademarks, technologies, and ideas. Your bill, which requires that developing countries adequately protect our intellectual property rights or lose GSP benefits, represents a positive step.

We are all too familiar with what can happen overseas when U.S. intellectual property rights are not adequately protected. For instance, in the Persian Gulf countries, P&G suffers from severe counterfeit activity. In certain other nations receiving GSP preferences, we estimate that nearly 10% of our total sales is lost to counterfeit products. If GSP can be used as an incentive for countries to implement the TRIPS standards at an accelerated pace, we would avoid those losses.

Your proposed similar legislation in 1994, which we and many of our trade associations such as IPO and PhRMA supported. We will encourage those organizations to again support this initiative.

Sincerely,

R. SCOTT MILLER,
Director.

By Mr. FORD:

S. 1427. A bill to amend the Communications Act of 1934 to require the Federal Communications Commission to preserve lowpower television stations that provide community broadcasting, and for other purposes; to the Committee on Commerce, Science, and Transportation.

THE COMMUNITY BROADCASTERS PROTECTION ACT OF 1997

Mr. FORD. Mr. President, today, I am pleased to introduce the Community Broadcasters Protection Act of 1997. This legislation is designed to provide some limited protections for the owners and operators of low-power television, or LPTV.

Mr. President, when the Federal Communications Commission created low-power television licenses in the early 1980's, it did so with a simple premise: television stations unable to reach a large area, can still offer a valuable service to our communities. Lowpower television stations operate at the higher ends of the broadcast spectrum and serve a more limited area, generally a coverage area of approximately 12 to 15 miles. In addition, LPTV licensees operate as a ''secondary status''. That is, they cannot interfere with the transmission of full power television stations.

Since their creation almost 20 years ago, LPTV stations have flourished. As entrepreneurs, LPTV owners and operators have experimented with various kinds of programming. Many have been extremely successful as local, community broadcasters, providing regional news and sports coverage. In fact, LPTV stations have much in common with full power stations. Many offer a full service daily program schedule. Other LPTV stations have predominantly religious, all news, all sports, or all movie formats. Still, many other LPTV stations offer more local and ''niche'' programming because their service areas are smaller, their audiences more targeted.

Unfortunately, the transition to the digital television era threatens the viability of many LPTV stations. As their spectrum is reclaimed by the FCC for the purpose of providing the second channel for digital television, some of the LPTV stations may face darkness during the transition to digital television, or afterwards.

Let me say, Mr. President, that I have been and continue to be, a supporter of the transition to digital television. I believe the move to digital television is a prudent use of modern technology for the use of a scarce public resource, the electromagnetic spectrum. But I also believe that as we make this transition, good public policy must support the investments made by LPTV licensees. I would note, Mr. President, that a majority of Members of the Senate agreed with me on this point as a number of Members joined me on a March 6, 1997 letter to then FCC Chairman Reed Hundt in which we expressed concerns about the plans for the transition to digital television.

And while the FCC agrees that LPTV licensees have been successful and offer a valuable enterprise, there remains regulatory uncertainty for LPTV licensees in the digital age. That is why I have introduced the Community Broadcasters Protection Act of 1997. This legislation will elevate some LPTV stations from their current secondary status to a newly created Class A license. In so doing, Class A LPTV licensees would be treated under law and FCC regulations like a full power television station. That is, Class A LPTV licensees would assume the same duties and responsibilities as their full power counterparts.

To qualify for a Class A license, an LPTV station must broadcast a minimum of 18 hours per day, and broadcast an average of at least 3 hours per week of programming produced within the market area served by the LPTV station. LPTV stations must be operating under these conditions within the last 2 years before enactment of this legislation and within 6 months of filing for the license. Once an LPTV station obtains a Class A license, the FCC would be required to find spectrum for the station in the new digital television era. Like its full power counterparts, a Class A licensee could not be forced off the air by having its license terminated or rescinded. However, in those instances where the FCC cannot accommodate an LPTV licensee in one market, because of the potential for interference with full power digital transmissions, the FCC is authorized to award the LPTV Class A licensee another license in an adjacent community, or if that is not available, in another community acceptable to the licensee.

Lower-power television licensees are willing and prepared to join their full power counterparts in the transition to digital television—a transition which is technically complex and potentially costly for both full power and low-power broadcasters. But as long as there remains a regulatory uncertainty about the future of LPTV, they will not be able to obtain the investments and capital to make that transition.

It is an interesting historic footnote, that at the time LPTV was authorized by the FCC, then FCC Chairman Charles Ferris suggested that one day, LPTV could develop into full power television stations. While this legislation does not elevate LPTV to full power status, I do believe that this legislation addresses a critical issue for LPTV supporters—the development of adequate protections in the digital age for broadcasters who provide a significant benefit to the public. I hope my colleagues, who are also supporters of their community broadcasters agree with me and will lend their support to move this legislation forward towards enactment.

By Mr. GRAHAM (for himself, Mr. MACK and Mr. BUMPERS):

S. 1428. A bill to waive time limitations specified by law in order to allow the Medal of Honor to be awarded to be awarded to Robert R. Ingram of Jacksonville, Florida, for acts of valor while a Navy Hospital Corpsman in the Republic of Vietnam during the Vietnam conflict; to the Committee on Armed Services.

THE ROBERT R. INGRAM RECOGNITION ACT OF 1997

Mr. GRAHAM. Mr. President, I rise today to urge passage of a private bill that will honor a man that served this country with honor and bravery. This bill will allow Robert R. Ingram to receive the Medal of Honor for conspicuous gallantry and intrepidity at the risk to his life above and beyond the call of duty.

Robert R. Ingram served as Corpsman with Company C, First Battalion, Seventh Marines in Vietnam. On March 28, 1966, Corpsman Ingram accompanied Marine point platoon as it dispatched an outpost of a North Vietnam Aggressor battalion in Quang Ngai Province, Republic of Vietnam. They were sabotaged by the Vietnamese, and the platoon was decimated, suffering numerous casualties. Corpsman Ingram was himself injured four times during the attack while he administered first aid to other members of his platoon.

Enduring the pain from his many injuries and disregarding his own life, Corpsman Ingram's selfless actions saved many U.S. soldiers that day. By his indomitable fighting spirit, daring initiative, and unfaltering dedication to duty, Corpsman Ingram clearly earned the Medal of Honor as a result of his actions. However, the Navy failed to process an award, and Corpsman Ingram received no official commendation for his actions. The men with whom he served that fateful day, and the men whose lives he saved, all feel that a commendation is due. However, there is no evidence of an award recommendation.

Mr. President, it is time that Robert R. Ingram receives an honor that should have been bestowed upon him over thirty years ago. This bill calls for the time limitations in Section 6248 to be waived so that this action may be taken.

Mr. President, I ask unanimous consent that the full text of the legislation be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1428

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. AUTHORITY FOR AWARD OF MEDAL OF HONOR TO ROBERT R. INGRAM FOR VALOR DURING THE VIETNAM CONFLICT.

(a) WAIVER OF TIME LIMITATIONS.—Notwithstanding the time limitations specified in section 6248 of title 10, United States Code, or any other time limitation with respect to the awarding of certain medals to persons who served in the naval service, the President may award the Medal of Honor under section 6241 of that title to Robert R. Ingram of Jacksonville, Florida, for the acts of valor referred to in subsection (b).

(b) ACTION DESCRIBED.—The acts of valor referred to in subsection (a) are the actions of Robert R. Ingram on March 28, 1966, as a Hospital Corpsman Third Class in the Navy serving in the Republic of Vietnam with Company C of the First Battalion, Seventh Marines, during a combat operation designated as Operation Indiana.

By Mr. ROCKEFELLER (for himself, Mr. BURNS, and Mr. DORGAN):

S. 1429. A bill to enhance rail competition and to ensure reasonable rail rates in any case in which there is an absence of effective competition; to the Committee on Commerce, Science, and Transportation.

THE RAILROAD SHIPPER PROTECTION ACT OF 1997

Mr. ROCKEFELLER. Mr. President, I am pleased and proud to be joined by two of my distinguished colleagues, Senator CONRAD BURNS and Senator BYRON DORGAN, in introducing today the Railroad Shipper Protection Act of 1997. This legislation is the result of many months of effort to develop constructive and pragmatic proposals for addressing the increasingly serious problems faced by shippers in need of affordable access to railroad service in every region of the country. As a bipartisan team committed to achieving urgently needed results in the coming year, we offer this bill with the hope that it will generate the interest, input, and support needed to help shippers obtain fair treatment and true competitive access from railroads across the country. I commend both Senators BURNS and DORGAN for their leadership and constant attention to these issues, which can be complex and yet affect numerous communities, key industries, and workers nationwide.

This legislation deals with issues of longstanding concern to me. Because of the importance of the relationship between the Nation's railroads and the shippers and communities that they serve, especially in my State of West Virginia, I have made a special effort throughout my tenure in the Senate to promote a rail transportation system that is fair and economically sound for all parties. Of all of the things that have troubled me about that system over the years, none is more troubling than the plight of captive rail shippers—businesses and communities that are dependent on a single railroad for freight transportation service.

West Virginia has more than its fair share of captive shippers. Many of our coal fields, most of our chemical manufacturers, and one of our finest steel manufacturing facilities—and the largest single employer in our State—all are captive to a single railroad for shipments to domestic and foreign markets. The result is that West Virginia businesses too often suffer from unreasonable freight rates and inadequate transportation service.

Today, two events are conspiring to create additional captive rail shippers—and worsen the competitive position of existing captive rail shippers—in West Virginia and across the Nation.

First, our national freight rail system continues to concentrate into fewer and fewer major railroads. Since Congress deregulated the railroads in 1980, the number of major Class I railroads has declined from 43 to 5—and will drop to 4 if the division of Conrail is approved. For a long time the fears expressed by shippers, and by those of us in Congress who are dedicated to protecting shippers, have fallen on deaf ears. In the past several months, however, the entire Nation has witnessed the far-reaching economic impact of a merger gone awry. The 1996 merger of Union Pacific and Southern Pacific has made dramatic headlines as service is disrupted, trains pile up, shipments are lost, and ultimately facilities and jobs are put in jeopardy. The chemical industry alone has had to grapple with service disruptions costing an average of $35 to $60 million per month through the summer and into the fall.

The UP–SP service crisis has caught my attention in part because the effects are so far-reaching that a number of West Virginia shippers have asked for my help, and in part because I now face a major merger in my own backyard with the proposal to divide Conrail between CSX and Norfolk Southern. The UP–SP situation is expected to improve in the coming months, following implementation of a comprehensive service recovery plan and unprecedented intervention by the Surface Transportation Board, but the UP–SP story has only reinforced my belief that concentration of the Nation's railroads is an ominous development for many shippers and for States like West Virginia. Railroad concentration is reducing transportation options and worsening the competitive position of captive shippers.

Second, the Surface Transportation Board, established in 1995 to succeed the Interstate Commerce Commission, is understaffed and underfunded, and is not adequately promoting rail competition and protecting captive shippers. As I feared at the time it was passed, the effect of the ICC Termination Act has been to reduce our national commitment to a strong and effective regulatory body to protect rail shippers. Rather than being vigilant in protecting captive shippers from railroad abuses, the STB has instead been consumed with reviewing major railroad mergers, conducting annual revenue adequacy determinations which serve no purpose, and making matters worse for shippers by deciding in December 1996 that railroads may render captive a shipper that is otherwise positioned to enjoy competitive service by refusing to quote a rate on a bottleneck segment.

Mr. President, just as the railroad industry has become more and more concentrated, the regulatory agency charged with protecting captive railroad customers has become less and less able to do its job.

Some may wonder how the STB, which is directly charged with protecting against unreasonable rates and promoting competition, came to make such an anticompetitive and antishipper decision as that set forth in the 1996 bottleneck cases, and I think the answer illustrates well the need for Congress to correct the current imbalance between railroads and their customers.

The answer lies in the confusing instructions that were given to the STB in the ICC Termination Act, and previously in the Staggers Rail Act of 1980 and the Railroad Revitalization and Regulatory Reform Act of 1976. In these statutes Congress directed the STB and its predecessor, the ICC, to promote our national rail transportation system ''by allowing rail carriers to earn adequate revenues'' (49 U.S.C. 10101(3)) and by making ''an adequate and continuing effort to assist those carriers in attaining revenue levels'' that allow them ''to attract and retain capital in amounts adequate to provide a sound transportation system in the United States'' (49 U.S.C. 10704(a)(2)). Congress has further directed the STB to make an annual determination of each railroad's revenue adequacy—a determination that finds most class I railroads to be revenue inadequate, contrary to the view of Wall Street and industry observers about the financial strength of individual railroads and the industry as a whole.

As is evident in reading the Board's bottleneck decision, the perceived revenue inadequacy of the major railroads, and the belief that protecting revenue adequacy is the preeminent responsibility of the agency, formed the basis of the STB's agreement with the railroads that they should have the right to prevent rail-to-rail competition even where competition is physically possible. At this point in the evolution of the railroad industry, such an approach is not only inequitable, it is harmful to our national economy.

Today, I join with my colleagues in proposing legislation to clarify the policy of the U.S. Government with regard to railroad competition and to restore the intended balance between railroads and shippers in the laws governing their relationship and the oversight role of the STB. This bill would accomplish five major objectives: First, making clear that it is the policy of the U.S. Government to promote rail competition and protect captive shippers; second, reducing the regulatory burden on captive shippers by simplifying the market dominance test; third, overturning the bottleneck decision by requiring railroads to quote a rate on any available segment of service; fourth, eliminating the ''revenue adequacy'' test, which serves no practical purpose and perpetuates the erroneous view that railroads are in dire financial straits; and fifth, requiring the STB to open its process more widely in order to meet the needs of small shippers.

It is our intention to pursue this legislation in the context of the STB's reauthorization next year. I am firmly committed to ensuring that the Board is reauthorized in a timely way and is provided with the funds it needs to perform its mission as the primary oversight agency for the Nation's railroads, but I want to make clear that I will not support continuation of the status quo in the relationship between railroads and shippers.

The legislation I introduce today will begin to afford rail-to-rail competition and captive shipper protection the priority they deserve in our national transportation policy. It is an important first-step, and I look forward to working with Senator BURNS, Senator DORGAN, and others over the course of the next several months to expand upon the shipper protections we propose today. I invite our colleagues to join us in this effort, and genuinely seek constructive input and assistance to achieve needed solutions.

Mr. President, I ask unanimous consent that a copy of the bill be printed in its entirety in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1429

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Railroad Shipper Protection Act of 1997''.

SEC. 2. FINDINGS.

The Congress finds that—

(1) the railroad industry has consolidated dramatically since passage of the Staggers Rail Act of 1980 (94 Stat. 1895 et seq.), leaving the railroad industry with only a few major carriers and providing shippers with limited competitive options;

(2) the financial health of the railroad industry has improved substantially since the passage of the Staggers Rail Act of 1980;

(3) due partly to the continued consolidation of the railroad industry, captive rail shippers—

(A) continue to exist; and

(B) are increasing in number; and

(4) rail shippers, including captive rail shippers, will benefit from increased competition among railroads and a streamlined process under which the Surface Transportation Board determines the reasonableness of captive rail shipper rates.

SEC. 3. DEFINITIONS.

In this Act:

(1) SECRETARY.—The term ''Secretary'' means the Secretary of Transportation.

(2) SURFACE TRANSPORTATION BOARD.—The term ''Surface Transportation Board'' or ''Board'' means the Surface Transportation Board established under section 701 of title 49, United States Code.

SEC. 4. PURPOSES.

The purposes of this Act are—

(1) to clarify the rail transportation policy of the United States;

(2) to ensure rail competition for shippers in geographic areas in which rail competition is physically available;

(3) to ensure reasonable rates for captive rail shippers; and

(4) to remove unnecessary regulatory burdens from the rate reasonableness process of the Surface Transportation Board.

SEC. 5. CLARIFICATION OF RAIL TRANSPORTATION POLICY.

Section 10101 of title 49, United States Code, is amended—

(1) by inserting ''(a) IN GENERAL.—'' before ''In regulating''; and

(2) by adding at the end the following:

''(b) PRIMARY OBJECTIVES.—The primary objectives of the rail transportation policy of the United States shall be—

''(1) to ensure effective competition among rail carriers at origin and destination; and

''(2) to maintain reasonable rates in the absence of effective competition.''.

SEC. 6. REQUIREMENT OF RAILROADS TO ESTABLISH RATES TO FACILITATE RAIL TO RAIL COMPETITION.

(a) ESTABLISHMENT OF RATE.—Section 11101(a) of title 49, United States Code, is amended by inserting after the first sentence the following: ''Upon the request of a shipper, a rail carrier shall establish a rate for transportation requested by the shipper between any 2 points on the system of that rail carrier where traffic originates, terminates, or may be interchanged. A rate established under the preceding sentence shall apply to the shipper that makes the request for the rate without regard to whether the rate established is for part of a through transportation route between an origin and a destination or whether the shipper has made arrangements for transportation over any other part of that through route.''.

(b) REVIEW OF REASONABLENESS OF RATE.—Section 10701(d) of title 49, United States Code, is amended—

(1) by redesignating paragraph (3) as paragraph (4); and

(2) by inserting after paragraph (2) the following:

''(3) If a rail carrier establishes a rate for transportation between any 2 points on the system of that rail carrier where rail traffic originates, terminates, or may be interchanged, the shipper may challenge the reasonableness of—

''(A) that rate; or

''(B) the aggregate rate between origin and destination (if the rate established is for part of a through route).''.

SEC. 7. SIMPLIFIED STANDARD FOR MARKET DOMINANCE.

Section 10707(d) of title 49, United States Code, is amended—

(1) by striking paragraph (2);

(2) by striking ''(1)(A)'' and inserting ''(3)'';

(3) by striking ''(B) For purposes'' and inserting ''(4) For purposes''; and

(4) by inserting before paragraph (3), as redesignated, the following:

''(1) In making a determination under this section, the Board shall find that the rail carrier establishing the challenged rate referred to in subsection (b) has market dominance over the transportation to which the rate applies if that rail carrier—

''(A) is the only rail carrier serving the origin, destination, or intermediate portion of the route involved; and

''(B) does not prove to the Board that the rate charged results in a revenue-variable cost percentage for that transportation that is less than 180 percent.

''(2) In making a market dominance determination under this section in any case in which 2 or more rail carriers provide service at an origin or destination, the Board shall consider only transportation competition at that origin or destination.''.

SEC. 8. REVENUE ADEQUACY DETERMINATIONS.

(a) RAIL TRANSPORTATION POLICY.—Section 10101(3) of title 49, United States Code, is amended by striking '', as determined by the Board;''.

(b) AUTHORITY FOR REVENUE ADEQUACY DETERMINATION.—Section 10704(a) of title 49, United States Code, is amended—

(1) by striking ''(a)(1)'' and inserting ''(a)''; and

(2) by striking paragraphs (2) and (3).

SEC. 9. REDUCTION OF PROCEDURAL BARRIERS FACED BY SMALL SHIPPERS.

(a) ADMINISTRATIVE RELIEF.—Not later than 180 days after the date of enactment of this Act, the Surface Transportation Board shall—

(1) review the rules and procedures applicable to rate complaints and other complaints filed with the Board by small shippers;

(2) identify any such rules or procedures that are unduly burdensome to small shippers; and

(3) take such action, including rulemaking, as is appropriate to reduce or eliminate the aspects of the rules and procedures that the Board determines under paragraph (2) to be unduly burdensome to small shippers.

(b) LEGISLATIVE RELIEF.—The Board shall notify the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives if the Board determines that additional changes in the rules and procedures described in subsection (a) are appropriate and require commensurate changes in statutory law. In making that notification, the Board shall make recommendations concerning those changes.

Mr. DORGAN. Mr. President, today I am joining Senator ROCKEFELLER and others in introducing legislation that is designed to address some chronic problems facing rail shippers, especially small, captive shippers such as the small grain elevators in agricultural States like North Dakota. As this bill is introduced in the Senate today, thousands of bushels of grain are lying on the ground in North Dakota because there are no cars available to small elevators to take wheat and barley to market. The frustration of North Dakota farmers and grain shippers is focused not only on the availability of grain cars to take their products to market this time of year, but also on what they have to pay when they have only one railroad serving them. The rates captive shippers pay to get their products to market reflect the basic principles of economics: where there is competition there are lower rates and where there is not, the captive shipper pays significantly more.

While the legislation we are introducing today will not create more grain cars this year and it will not solve full the myriad of concerns that many captive shippers have with respect to rail service in this country, this bill will take a step towards addressing some issues that will help improve the situation of captive shippers.

The inspiration of this bill is the fact that 20 years ago there were more than 40 Class I railroads and today there are eight, of which 5 of these ''mega carriers'' generate 94 percent of the Class I rail industry's gross income and own over 90 percent of the track miles, and produce nearly 95 percent of the gross ton miles. Today, the western two-thirds of the country is divided up between two mega carriers that own approximately 85 percent of the track, generate over 90 percent of the gross ton miles, and earn about 90 percent of the total net railroad operating income west of the Mississippi River.

As the railroad industry has consolidated over the past 20 years, more and more shippers have become captive to one carrier, replacing competitive service with monopoly service. At the same time, small captive shippers face insurmountable obstacles to seek relief on unreasonable rates before the Surface Transportation Board [STB]. It seems to me that the Congress needs to begin a serious debate on issues effecting captive shippers. The STB still operates under outdated regulatory structures and too many hurdles and red tape stand between the small shipper and relief on unreasonable rates. This legislation takes a modest step at addressing a few specific issues in these areas.

This legislation addresses the broader issues of promoting rail competition and protecting captive shippers where competition does not exist by identifying these issues as priorities for the STB. The also makes a couple of changes in specific policies of the STB. First, this bill overturns the STB's decision on the so-called ''bottleneck'' case where the STB concluded that carriers have no obligation to quote a rate for a segment of line. The essence of the bottleneck case was that some shippers believe that in areas where their products were being shipped where rail competition exists, they want to take advantage of the lower rates for that particular segment of line. This legislation would require a carrier to quote a rate for a specific segment at the request of the shipper. If the carrier did not quote a rate, then the STB would have to set a rate. This circumstance will permit captive shippers to take advantage of the little competition that does exist in the rail industry.

This legislation also repeals the outdated revenue adequacy test. The Vice Chairman of the STB, Gus Owen, has appropriately questioned the appropriateness and the relevance of the STB conducting this outdated exercise of determining the revenue adequacy of railroads. This test is so out of date that the two largest railroads in the Nation failed the last revenue adequacy test by the STB. However, these and other major railroads have no problem leveraging capital and their own financial reports indicate record profits. It is a ridiculous test and it serves no useful purpose for STB procedures.

In addition, the legislation attempts to streamline the bureaucratic hurdles facing small shippers in seeking rate relief before the STB. One provision streamlines the requirements imposed on the shipper to demonstrate that the rail carrier serving them meets the STB's definition of ''market dominance.'' Under current law, market dominance is defined as ''the absence of effective competition from other rail carriers or modes of transportation'' and the STB cannot find market dominance unless the revenue to variable cost percentage exceeds 180 percent. Under the STB's interpretation of this requirement, the STB requires shippers to demonstrate that there is no product nor geographic competition under he what constitutes transportation competition. This legislation makes the market dominance test simple and easier to understand. Under this bill, a shipper need only demonstrate that they are served by only one rail carrier and that their rates exceed 180 percent revenue to variable cost to determine market dominance.

This legislation would also require the STB to review its regulations and rules with respect to barriers that impede a small shippers' ability to file rate and other complaints against railroads before the STB. The STB would be required to minimize their red tape and barriers for shippers and also to report to Congress on barriers that require legislative action to remedy.

Mr. President, this legislation is modest, but it will make a difference for small shippers in this country. The premise of the bill is that the STB ought to emphasize competition and where competition does not exist, the STB needs to make it easier for captive shippers to seek relief from unreasonable rates.

Next year, the Senate Committee on Commerce, Science, and Transportation will be debating reauthorization legislation on the STB. That will be a very important debate. Senator ROCKEFELLER, I and others intend to make sure that one element of that debate will focus on the problems facing small, captive shippers and we consider this legislation as a building block for next year's debate. I hope my colleagues will support this legislation.

By Mr. DODD:

S. 1453. A bill to establish a Commission on Fairness in the Workplace, and for other purposes; to the Committee on Labor and Human Resources.

THE NATIONAL COMMISSION ON FAIRNESS IN THE WORKPLACE ACT

Mr. DODD. Mr. President, today I am introducing the National Commission on Fairness in the Workplace Act. This commission will be tasked to review the trend of creating more part-time jobs than full-time jobs; assess the relationship between part-time work and wage levels, benefits, earning potential, and productivity; and examine the practice of having different wage and benefit levels for part-time and full-time workers. This commission, comprised of representatives of the business community, labor, academia and government, will report its findings and recommendations to Congress and the President.

I fully recognize that for many individuals, part-time employment is a perfect solution. Full-time students and individuals wanting to combine work and family responsibilities choose to work part-time. But, part-time work should not be a passport to second class status. Often these employees perform the same duties as their full-time counterparts, but for less money and no benefits. And for those individuals seeking employment, too often they can only find work that requires full-time hours, but not full-time pay and benefits.

Too many Americans are forced to work two and three part-time jobs to pay their rent or mortgage, and put food on their tables. Let's not forget that employees who work full-time, earning benefits and living wages, are often still struggling. How do we expect individuals and families to survive on part-time wages and no benefits. Their status may be classified as part-time, but their expenses certainly are not.

Employers must strive to provide salaries and benefits that meet the demands of today's circumstances, while searching for ways to increase productivity and remain competitive in a global environment.

The recent UPS experience put a national spotlight on this issue; working full-time hours at part-time status and receiving less money and fewer benefits than a full-time employee. One of the concessions of the negotiations was that UPS would agree to create 10,000 full-time jobs from existing part-time positions.

A poll of 500 individuals by the University of Connecticut in September found strong support for action that would guarantee part-time workers some benefits and compel employers to pay those workers hourly wages equal to their full-time counterparts. Part-time employees in Connecticut comprise 12 percent of the work-force, less than the 18 percent national average.

Our work-force is one of our countries most treasured assets. Employees deserve to receive living wages and benefits and we must act now. Therefore, I urge my colleagues to join me in cosponsoring this legislation.

Mr. President, I ask unanimous consent that a copy of the Hartford Courant article ''Part-timers' Rights Backed'' be included in the RECORD and I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1453

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''National Commission on Fairness in the Workplace Act''.

SEC. 2. FINDINGS.

Congress finds that—

(1) there is an increasing trend toward the use of part-time workers;

(2) part-time jobs often have no or limited health or pension benefits and few labor protections;

(3) there is a trend toward the creation of more part-time jobs than full-time jobs;

(4) questions have been raised regarding the impact of part-time employment on wage levels, benefits, earning potential, and productivity; and

(5) a Federal commission should be established to conduct a thorough study of all matters relating to the impact of part-time employment on wage levels, benefits, earning potential, and productivity and to study the practice of providing different wage and benefit levels to part-time and full-time workers.

SEC. 3. ESTABLISHMENT OF COMMISSION.

(a) ESTABLISHMENT.—There is established a commission to be known as the National Commission on Fairness in the Workplace (hereafter referred to in this Act as the ''Commission'').

(b) MEMBERSHIP.—The Commission shall be composed of 9 members of whom—

(1) 3 shall be appointed by the President;

(2) 3 shall be appointed by the President pro tempore of the Senate, upon the recommendation of the Majority and Minority Leaders of the Senate; and

(3) 3 shall be appointed by the Speaker of the House of Representatives, in consultation with the Minority Leader of the House of Representatives.

(c) PERIOD OF APPOINTMENT; VACANCIES.—Members shall be appointed for the life of the Commission. Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner as the original appointment.

(d) INITIAL MEETING.—Not later than 30 days after the date on which all members of the Commission have been appointed, the Commission shall hold its first meeting as directed by the President.

(e) MEETINGS.—After the initial meeting, the Commission shall meet at the call of the Chairperson.

(f) QUORUM.—A majority of the members of the Commission shall constitute a quorum for the transaction of business, but a lesser number of members may hold hearings.

(g) CHAIRPERSON AND VICE CHAIRPERSON.—The Commission shall select a Chairperson and Vice Chairperson from among its members.

SEC. 4. DUTIES OF THE COMMISSION.

(a) STUDY.—

(1) IN GENERAL.—The Commission shall conduct a comprehensive study of the impact of part-time employment in the United States.

(2) MATTERS TO BE STUDIED.—The matters to be studied by the Commission under paragraph (1) shall include—

(A) a review of the trend toward creation of more part-time than full-time jobs;

(B) an assessment of the relationship between part-time work and wage levels, benefits, earning potential, and productivity; and

(C) a review of the practice of providing different wage and benefit levels to part-time and full-time workers.

(b) REPORT.—No later than 12 months after the Commission holds its first meeting, the Commission shall submit a report on the study to the President and Congress. The report shall contain a detailed statement of the findings and conclusions of the Commission, together with its recommendations for such legislation and administrative actions as it considers appropriate.

SEC. 5. POWERS OF THE COMMISSION.

(a) HEARINGS.—The Commission may hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence as the Commission considers advisable to carry out its duties of this Act.

(b) INFORMATION FROM FEDERAL AGENCIES.—The Commission may secure directly from any Federal department or agency such information as the Commission considers necessary to carry out the provisions of this Act. Upon request of the Chairperson of the Committee, the head of such department or agency shall furnish such information to the Commission.

SEC. 6. COMMISSION PERSONNEL MATTERS.

(a) COMPENSATION OF MEMBERS.—Each member of the Commission who is not otherwise an officer or employee of the Federal Government shall be compensated at a rate equal to the daily equivalent of the annual rate of basic pay prescribed for a position at level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day (including travel time) during which such member is engaged in the performance of the duties of the Commission. Each member of the Commission who is otherwise an officer or employee of the United States shall serve without compensation in addition to that received for services as an officer or employee of the United States.

(b) TRAVEL EXPENSES.—The members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of service for the Commission.

(c) STAFF.—

(1) IN GENERAL.—The Chairperson of the Commission may, without regard to the civil service laws and regulations, appoint and terminate an executive director and such other additional personnel as may be necessary to enable the Commission to perform its duties. The employment and termination of an executive director shall be subject to confirmation by a majority of the members of the Commission.

(2) COMPENSATION.—The executive director shall be compensated at a rate not to exceed the rate payable for a position at level V of the Executive Schedule under section 5316 of title 5, United States Code. The Chairperson may fix the compensation of other personnel without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates, except that the rate of pay for such personnel may not exceed the rate payable for a position at level V of the Executive Schedule under section 5316 of such title.

(3) DETAIL OF GOVERNMENT EMPLOYEES.—Any Federal Government employee, with the approval of the head of the appropriate Federal agency, may be detailed to the Commission without reimbursement, and such detail shall be without interruption or loss of civil service status, benefits, or privilege.

(d) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—The Chairperson of the Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals not to exceed the daily equivalent of the annual rate of basic pay prescribed for a position at level V of the Executive Schedule under section 5316 of such title.

SEC. 7. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to the Commission such sums as may be necessary to carry out the purposes of this Act. Any sums appropriated shall remain available, without fiscal year limitation, until expended.

SEC. 8. TERMINATION.

The Commission shall terminate 30 days after submission of its report under section 4(b).

[From the Hartford Courant, October 8, 1997]

PART-TIMERS' RIGHTS BACKED; RESIDENTS POLLED BY THE UNIVERSITY OF CONNECTICUT IN SEPTEMBER STRONGLY SUPPORT GOVERNMENT ACTION THAT WOULD GUARANTEE PART-TIMERS SOME BENEFITS; COURANT/UCONN CONNECTICUT POLL

(By Liz Halloran)

It was the workplace issue that tripped up UPS and snarled the nation's package delivery system during a 15-day strike this summer: the growing use of part-time employees to do America's business.

UPS workers agreed to go back to work after the giant delivery company said it would create 10,000 new full-time jobs from existing part-time positions.

The strike was over, but the national conversation about the country's estimated 23 million part-time workers—their rights and the government's role in protecting them—kicked into high gear.

''Not everyone can work full time, and part-time work offers extra freedom and income to families in need,'' said Sen. Christopher J. Dodd, D-Conn., who is urging Congress to set up a committee to study part-time work.

''[Part-time work] shouldn't be a passport to second-class status,'' he said.

It seems those in Connecticut agree strongly that part-time work that provides significant pay, benefits and stature must remain an option for families and individuals struggling to satisfy their own needs, those of their children and demands of their careers.

Part-timers in Connecticut make up about 12 percent of the work force—less than the 18 percent national average—and most don't want a full-time job, a new Courant/Connecticut Poll shows.

But the residents polled by telephone by the University of Connecticut Sept. 9–15 showed remarkable support for government action that would guarantee part-timers some benefits, and compel companies to pay those workers hourly wages equal to their full-time counterparts. Only one in three said they would support laws restricting companies from hiring part-time workers instead of creating full-time jobs.

But two-thirds said they would support laws requiring employers to give part-time workers benefits such as health insurance, pensions and vacations. Three out of four of those polled said that there should be no difference in the hourly pay of part- and full-time workers.

''There is backing for 'fairness'—especially in hourly rates and for the provision of at least some fringe benefits,'' said G. Donald Ferree Jr., poll director.

A majority of the 500 residents polled, however, seemed more interested in making sure that all workers—including part-timers—are paid equitably, than in judging whether jobs should be part or full time, Ferree said.

Democrats were more apt than Republicans to support government policies regarding part-time work, as were women, who

are more likely than men to work part time, he said.

The strong support the poll results show for part-time worker benefits and equal pay did not surprise Joseph F. Brennan, vice president of legislative affairs at the Connecticut Business and Industry Association.

''I think the timing of the poll may have skewed results somewhat because the UPS strike was in the headlines, and general polling at that time seemed to support the workers,'' Brennan said.

Polling done in the past by the business association tells a different story, he said, suggesting that residents do not support greater governmental control of general business practices. The association polls, however, have not asked specifically about part-time work.

Some business leaders have also argued that state intervention into policies regarding part-time employee pay and benefits could hamper Connecticut's ability to compete with other states for jobs. They have also said that any requirements should come from Congress and be applied uniformly nationwide.

A package of state legislative proposals aimed at regulating corporate behavior, including a requirement to pay part-timers the same hourly wage as full-timers doing the same job, made little headway in the General Assembly this year.

Union officials say they believe that public sentiment for part-time workers runs deeper than simply timing.

''The people in the poll have said it all—it's about equal pay and equal benefits for equal work,'' said John W. Olsen, president of the state AFL–CIO. ''It's not as much about part and full time anymore.''

Olsen said that if part-timers are compensated equally, employers will find it less attractive to use them to replace full-time positions.

The issue was central to a demonstration in mid-September against Pratt & Whitney, a division of United Technologies Corp. About 400 workers and supporters, dozens of whom were arrested, gathered in downtown Hartford to protest Pratt's decision to cut contracted full-time cleaning jobs and replace them with part-time, lower-paying positions.

While there are instances in Connecticut where workers have been affected by company decisions to replace full-time jobs with low-wage, no-benefit positions, most part-time employees polled said they are not looking for full-time work.

Only one out of five part-timers questioned in the poll said they were actively seeking full-time work.

''Part-time work plays a real role in Connecticut, and many engaged in it do not want full-time work instead,'' Ferree said.

One other thing the poll made clear, Ferree said, was that the days when one income was deemed enough for a family to live on are over. About half of those polled said their family could live on what the main earner is paid, but nearly as many said that their household needs the income of more than one person.

On the job, some of the time:

Connecticut residents show remarkable support for requiring employers to pay part-time workers at the same hourly rate as full-time workers and to provide part-time workers some benefits. Those polled also strongly believe it is important to preserve part-time employment as a work option.

* * * * *

The Courant/Connecticut Poll on part-time workers was conducted by the University of Connecticut from Sept. 9–15. Five hundred randomly selected people were interviewed by telephone. Percentages are rounded to the nearest whole number and may not add up to 100.

The poll has a margin of error of plus or minus 5 percentage points. This means there is a 1-in-20 chance that the results would differ by more than 5 points in either direction from the results of a survey of all adult residents.

A poll's margin of error increases as the sample size shrinks. Results for a subgroup within the poll have a higher margin of error.

The telephone numbers were generated by a computer in proportion to the number of adults living in each area. The actual respondent in each household also was selected at random.

ADDITIONAL COSPONSORS

S. 61

At the request of Mr. LOTT, the name of the Senator from North Dakota [Mr. DORGAN] was added as a cosponsor of S. 61, a bill to amend title 46, United States Code, to extend eligibility for veterans' burial benefits, funeral benefits, and related benefits for veterans of certain service in the United States merchant marine during World War II.

S. 263

At the request of Mr. MCCONNELL, the names of the Senator from Missouri [Mr. BOND] and the Senator from Maryland [Ms. MIKULSKI] were added as cosponsors of S. 263, a bill to prohibit the import, export, sale, purchase, possession, transportation, acquisition, and receipt of bear viscera or products that contain or claim to contain bear viscera, and for other purposes.

S. 428

At the request of Mr. KOHL, the name of the Senator from Louisiana [Ms. LANDRIEU] was added as a cosponsor of S. 428, a bill to amend chapter 44 of title 18, United States Code, to improve the safety of handguns.

S. 751

At the request of Mr. SHELBY, the name of the Senator from Missouri [Mr. BOND] was added as a cosponsor of S. 751, a bill to protect and enhance sportsmen's opportunities and conservation of wildlife, and for other purposes.

S. 875

At the request of Mr. TORRICELLI, the name of the Senator from California [Mrs. FEINSTEIN] was added as a cosponsor of S. 875, a bill to promote online commerce and communications, to protect consumers and service providers from the misuse of computer facilities by others sending bulk unsolicited electronic mail over such facilities, and for other purposes.

S. 951

At the request of Mr. TORRICELLI, the names of the Senator from New York [Mr. MOYNIHAN] and the Senator from Washington [Mrs. MURRAY] were added as cosponsors of S. 951, a bill to reestablish the Office of Noise Abatement and Control in the Environmental Protection Agency.

S. 1044

At the request of Mr. LEAHY, the name of the Senator from Missouri [Mr. ASHCROFT] was added as a cosponsor of S. 1044, a bill to amend the provisions of titles 17 and 18, United States Code, to provide greater copyright protection by amending criminal copyright infringment provisions, and for other purposes.

S. 1169

At the request of Mr. REED, the name of the Senator from Louisiana [Ms. LANDRIEU] was added as a cosponsor of S. 1169, a bill to establish professional development partnerships to improve the quality of America's teachers and the academic achievement of students in the classroom, and for other purposes.

S. 1188

At the request of Mr. KOHL, the name of the Senator from Nebraska [Mr. KERREY] was added as a cosponsor of S. 1188, a bill to amend chapters 83 and 85 of title 28, United States Code, relating to the jurisdiction of the District Court for the District of Columbia, and the United States Court of Appeals for the District of Columbia, and for other purposes.

S. 1195

At the request of Mr. CHAFEE, the name of the Senator from Illinois [Ms. MOSELEY-BRAUN] was added as a cosponsor of S. 1195, a bill to promote the adoption of children in foster care, and for other purposes.

S. 1204

At the request of Mr. COVERDELL, the names of the Senator from Virginia [Mr. WARNER] the Senator from Indiana [Mr. LUGAR] and the Senator from Washington [Mr. GORTON] were added as cosponsors of S. 1204, a bill to simplify and expedite access to the Federal courts for injured parties whose rights and privileges, secured by the United States Constitution, have been deprived by final actions of Federal agencies, or other government officials or entities acting under color of State law; to prevent Federal courts from abstaining from exercising Federal jurisdiction in actions where no State law claim is alleged; to permit certification of unsettled State law questions that are essential to resolving Federal claims arising under the Constitution; and to clarify when government action is sufficently final to ripen certain Federal claims arising under the Constitution.

S. 1221

At the request of Mr. STEVENS, the name of the Senator from New Hampshire [Mr. GREGG] was added as a cosponsor of S. 1221, a bill to amend title 46 of the United States Code to prevent foreign ownership and control of United States flag vessels employed in the fisheries in the navigable waters and exclusive economic zone of the United States, to prevent the issuance of fishery endorsements to certain vessels, and for other purposes.

S. 1228

At the request of Mr. CHAFEE, the name of the Senator from Vermont [Mr. JEFFORDS] was added as a cosponsor of S. 1228, a bill to provide for a 10-